

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 188
 (S) Publish Date: 4/23/01
 Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev.
 Component: Land Sales & Muni. Ent.
 Component Number: 2456

Revision Date/Time (Note if correction): _____
 Title: EDUCATION FUND/ LAND ENDOWMENT
 Sponsor: Sen. WARD
 Requester: (S) HES

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services		313.1	600.8	600.8	600.8	600.8
Travel		25.0	25.0	25.0	25.0	25.0
Contractual		30.0	12,030.0	12,030.0	12,030.0	12,030.0
Supplies						
Equipment		15.0	10.0			
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	383.1	12,665.8	12,655.8	12,655.8	12,655.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	See Note					
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		383.1	12,665.8	12,655.8	12,655.8	12,655.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	383.1	12,665.8	12,655.8	12,655.8	12,655.8

Estimate of any current year (FY2001) cost: None

Check this box if funding for this bill is included in the Governor's FY2002 budget proposal: []

POSITIONS

Full-time		5	9	9	9	9
Part-time			1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is the minimum necessary for DNR to process land selections and conveyances to the Education Fund Board. It does not cover any expenditures by the Education Fund Board to set up and operate a land management program similar to DNR's existing functions: creating land status plats, computerized land records, application forms, conveyance instruments, land title records, accounting, survey, appraisal, policies and procedures for various types of disposals, leases, permits, and mineral entry. Those costs would probably be at least \$2 million annually, twice what DNR's Mental Health Trust Land Unit spends each year to manage mental health trust lands (a smaller endowment). **(CONTINUED)**

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 Agency: Natural Resources

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ANALYSIS: SB 188 #2 (continued)

SB 188 requires DNR to transfer five million acres of state land to the School Land Fund in the Department of Education and Early Development. Assuming it goes into effect by January 2002, DNR would have 11 years during which to transfer the land, or 455,000 acres per year. Most of the fiscal cost is associated with land surveys (shown as contractual services), which the legislation requires DNR to complete within one year after the legislature's approval of the annual list of lands. A major factor in this high survey cost is that more than half of state-owned land has not yet been surveyed by the federal government. To meet the bill's requirements, DNR will need to issue contracts for cadastral surveys that would otherwise be a federal responsibility.

Non-survey costs could be higher depending on what lands are selected and the level of controversy relating to individual parcels. As the new School Land Fund would have no existing endowment, land conveyance costs would have to come from the General Fund rather than Interagency Receipts.

This analysis assumes that the legislation takes effect early in calendar 2002 and that the Fund Board is ready to consider potential selections early in FY 03. For FY 03, staff will include a fulltime Natural Resource Manager II, a fulltime Natural Resource Officer (NRO) II, three fulltime NRO I's, and a fulltime Natural Resource Technician II who will help identify parcels for Fund Board selection, check land status and land records, identify and notify third-party interests, provide public notice, respond to public inquiries, negotiate with the Fund Board, reserve easements to and along public waters under AS 38.05.127, update state land records, and perform other tasks to prepare land lists. Beginning in FY 04, the staff also includes four Land Survey Assistant I's to prepare survey instructions and issue/manage survey contracts, and a half-time NRO II to prepare and record conveyance documents. Large contractual expenditures beginning FY 04 reflect the cost to survey parcels. Survey costs assume a minimum parcel size of 640 acres and that some of the selections do not require survey.

* Note: It is impossible to project how much revenue these conveyances will generate for the Fund Board, and will be lost to the state, without knowing exactly what lands will be transferred. However, it can be assumed the Fund Board will select the most valuable parcels it can find. The effect is to divert revenues out of the general fund, where they would have been available for those public purposes the Legislature deemed most important in a given year, to the Fund Board for strictly educational purposes. Also, by removing the most valuable parcels from the state's asset base, the bill reduces one of the most important incentives for local government to incorporate: the opportunity to select top-quality commercial, residential, and industrial land for municipal ownership under AS 29.65.