

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 357
 (S) Publish Date: 4/9/02

Revision Date/Time (Note if correction): _____
 Title: State Land Sale Requirements

Dept. Affected: Natural Resources
 BRU: Minerals, Land & Water Dev
 Component: Land Sales & Muni. Ent.

Sponsor: (S) JUD
 Requester: (S) JUD

Component Number: 2456

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	6,250.0	25,000.0	12,500.0	12,500.0	12,500.0	12,500.0
Travel						
Contractual	6,250.0	25,000.0	12,500.0	12,500.0	12,500.0	12,500.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	12,500.0	50,000.0	25,000.0	25,000.0	25,000.0	25,000.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	4,176.0	9,747.0	27,850.0	27,850.0	27,850.0	27,850.0
-------------------------------	----------------	----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	8,324.0	40,253.0				
1005 GF/Program Receipts (see note)	4,176.0	9,747.0	25,000.0	25,000.0	25,000.0	25,000.0
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	12,500.0	50,000.0	25,000.0	25,000.0	25,000.0	25,000.0

Estimate of any current year (FY2002) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2003 budget proposal:

POSITIONS

Full-time	104	416	208	208	208	208
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation modifies some of the existing state land disposal statutes and establishes essentially two new state land disposal programs. The two new programs are a short term offering of 50,000 acres of subdivisions created by aliquot parts to be offered through three first-come, first-served disposals during the first year-and-a-half of the program. The second is a long-term "open-to-entry" program that would offer 200,000 acres per year. The program is a much more aggressive land offering program than the state has ever offered, and will require a significant increase in the state land sale budget. See details on page 2.

Prepared by: Bob Loeffler
 Division: Mining, Land and Water
 Approved by: Pat Pourchot
 Agency: Natural Resources

Phone 269-8600
 Date/Time 8-Apr-02
 Date 8-Apr-02

ANALYSIS: (continued)

Proposed Sec. 38.14.040 requires DNR to offer 15,000 acres for sale by October 1, 2002, 15,000 acres more 180 days later, and 20,000 acres more after that. The FY 03 and 04 budget are to prepare for and conduct these sales. FY 03-04 Tasks will include identify the areas to offer, conduct title review, provide for public notice and review, identify and reserve access, secure municipal approvals, prepare brochures, conduct sales, issue contracts, record keeping, survey and appraisal review and other tasks.

Proposed AS 38.14.050 requires that in April 2004, six months after completing the offerings in the previous section, DNR will offer 200,000 acres for open-to-entry disposal. Preparations for the 200,000 acre annual remote cabin offerings will also need to begin in FY 03 in order to meet the FY 05 sale offering.

The legislation establishes an intent to fund this new land disposal program from 10% of the revenues. This amount will be totally insufficient. This assumes that there is a 90% profit to be made on the development and sale of land. Experience indicates it is significantly less profitable to develop and sell land.

Budget and revenue projections are rough and will be refined when proposed bill is submitted to finance committee. Costs and revenues are the same that were used in the initial analysis by the legislature in 2000 when the current land disposal program was set up in SB 283.

Costs are based on average costs for past remote land sales, which averaged \$250/acre. Actual costs for the initial 50,000 acres will be higher, as these are unsurveyed subdivisions and may require capital budget for roads and in order to meet borough platting requirements. Costs for the 200,000 acres per year offerings could be less due to efficiencies from the large volume, however, we are unaware of any land disposals on this scale to compare to. Costs for FY 2005 and subsequent years were reduced because it is assumed many parcels will not sell and DNR will not need to identify the full 200,000 acres of new parcels per year.

Revenue projections assume sale price of \$557/acre (average value of all land sales, 1980-2000). Assumes half of all parcels offered in initial (50,000 acre) offering sell; one-quarter of the 200,000 acre offerings are assumed to be sold (50,000 acres/year).

Note on funding source: This fiscal note identifies GF program receipts as the funding source for the land sale revenue. In 2000, SB283 established the Land Disposal Income Fund which states that all revenue from the sale of state land will be deposited in that fund. That legislation also included a provision that when the fund balance reached \$5,000,000, all additional revenue would deposit to the general fund. This proposed legislation will have to address that existing law as this bill will require appropriations from the sale of state land in excess of the allowable fund balance on an annual basis.