

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: HB 130
 (H) Publish Date: 2/7/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Grant of Lands to the University of Alaska RDU Resource Development
 Component Title Acquisition and Defense
 Sponsor Rules
 Requester Governor Component No. 2459

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	72.0	72.0	72.0	0.0	0.0	0.0
Travel	2.5	2.5	0.0	0.0	0.0	0.0
Contractual	300.5	236.7	5.5	0.0	0.0	0.0
Supplies	5.0	5.0	5.0	0.0	0.0	0.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	380.0	316.2	82.5	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	380.0	316.2	82.5	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	380.0	316.2	82.5	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	0	0	0
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill requires DNR to convey title to 260,000 acres of specifically identified parcels to the University of Alaska by June 30, 2007. Conveying the title (including title search, reserving easements, reserving navigable waters, and resolving any title problems) requires staff time to prepare legal descriptions, determine condition of title and resolve problems that are discovered, prepare conveyance documents and update the state's computerized records system. Because of these requirements, and due to a shortage of existing trained staff, contractual monies have been requested to outsource the title work to private contractors. It is anticipated that one full-time staff position will be necessary:

- One (1) Natural Resource Manager I for 3 years (FY06, FY07 and FY08) at a cost of \$72,000/year, to coordinate, issue title contract and oversee the work of the contractors, to serve as the point of

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 Agency Natural Resources

(Analysis cont.)

contact for the project, coordinating with University staff, and reviewing the title research. This position will also be responsible for resolving any clouds on title issues.

Other costs include occasional travel to perform title research or survey inspection work. Contractual also includes office space rental (\$6,200 per person/year), phones, photo-copying, postage, etc. Supplies include basic office supplies and computer/software purchases.

This bill is intended to expedite the conveyance of state lands, including the mineral estate, to the University of Alaska by conveying to the Board of Regents by quitclaim deed those state lands identified for conveyance to the University in a document entitled "University of Alaska Land Grant List 2005." This "Land Grant List" includes lands that make up part of the Nenana oil and gas basin.

***Based on the subsurface information currently available, the Nenana basin is thought to be gas-prone. DNR believes that the gas potential of this basin ranges from moderate to good. The basin is also in close proximity to markets in Fairbanks. Andex Resources currently has an oil and gas exploration license for part of the Nenana Basin. It is impossible without further exploration to predict the exact fiscal impacts. However, the conveyance of part of the Nenana oil and gas basin to the University of Alaska could result in a significant new source of revenue and /or energy for the University with a corresponding decrease in general and permanent fund revenues.

There is a similar but lesser impact from transferring the surface and subsurface from other lands that DNR would otherwise sell or lease. That is, the Department anticipates an unspecified decrease in future revenues from the loss of these lands.