

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number 2  
 Bill Version CSHB 89(RES)  
 (H) Publish Date 4/12/11

Identifier (file name) CSHB089(RES)-DNR-MLD-03-23-11  
 Title EXTRACTION OF BEDLOAD MATERIAL  
 Sponsor Rep. Seaton  
 Requester House RES  
 Dept. Affected Natural Resources  
 Appropriation Resource Development  
 Allocation Mining and Land Development  
 OMB Component Number 2460

**Expenditures/Revenues** (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>		*** INDETERMINATE ***						

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES</b>		*** INDETERMINATE ***					
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
<b>TOTAL</b>		*** INDETERMINATE ***						

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Part-time	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Temporary	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Why this fiscal note differs from previous version (if initial version, please note as such)**

Fiscal note updated to (1) reflect changes made from the bill as introduced to the committee substitute (27-LS0334\B) adopted in House Resources and the conceptual amendment #1 made to that CS and (2) reflect that the legislation may potentially apply to more material extraction sites around the state than previously anticipated.

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 Approved by Daniel S. Sullivan  
Department of Natural Resources

Phone 269-8501  
 Date/Time 3/23/11 1:00 PM  
 Date 3/23/2011

**Analysis**

This bill allows the Commissioner of the Department of Natural Resources (DNR) to offer for disposal bedload material within a river, lake, stream or coastal water (gravel, rock and other material) at below fair market value if disposal of that material enhances the effectiveness of a flood control project.

The Department already routinely sells bedload material at fair market value through its authority under AS 38.05.120. This bill would change the current fixed-fee structure (\$/cubic yard) to a percent of profit royalty structure (not less than 12.5%) for the disposal of bedload material that enhances the effectiveness of a flood control project.

Reduction in revenue generated from the disposal of bedload material would be dependent upon the number of extraction sites approved under a site-specific flood mitigation plan and the volume of bedload material extracted from those sites. Additionally, the reduction in revenue from individual sales may be offset by the potential increase in the number of sales that would not have otherwise occurred without this legislation. In either case, because the number of sites and volume of bedload material that might be extracted is at this time is unknown, the revenue impact is indeterminate.

Additionally, DNR will incur new costs for the review of each site-specific flood mitigation plan and review of net profit reporting after extraction. While DNR does not anticipate the proposed legislation will result in a significant increase in cost for any one project, the number of plans and sale applications that will be received is also indeterminate. The cumulative costs of receiving many applications may result in future supplemental budget requests.