

# Fiscal Note

State of Alaska  
2017 Legislative Session

|                     |              |
|---------------------|--------------|
| Bill Version:       | CSHB 14(FSH) |
| Fiscal Note Number: | 3            |
| (H) Publish Date:   | 4/28/2017    |

Identifier: HB014-DNR-MLW-04-21-17  
 Title: LEG. APPROVAL OF BRISTOL BAY SULFIDE MINE  
 Sponsor: JOSEPHSON  
 Requester: House Fisheries

Department: Department of Natural Resources  
 Appropriation: Fire Suppression, Land & Water Resources  
 Allocation: Mining, Land & Water  
 OMB Component Number: 3002

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

|                               | FY2018                  | Included in               | Out-Year Cost Estimates |            |            |              |             |
|-------------------------------|-------------------------|---------------------------|-------------------------|------------|------------|--------------|-------------|
|                               | Appropriation Requested | Governor's FY2018 Request | FY 2019                 | FY 2020    | FY 2021    | FY 2022      | FY 2023     |
| <b>OPERATING EXPENDITURES</b> | <b>FY 2018</b>          | <b>FY 2018</b>            |                         |            |            |              |             |
| Personal Services             |                         |                           |                         |            |            |              |             |
| Travel                        |                         |                           |                         |            |            |              |             |
| Services                      |                         |                           | 5.0                     | 5.0        |            | 250.0        | 45.0        |
| Commodities                   |                         |                           |                         |            |            |              |             |
| Capital Outlay                |                         |                           |                         |            |            |              |             |
| Grants & Benefits             |                         |                           |                         |            |            |              |             |
| Miscellaneous                 |                         |                           |                         |            |            |              |             |
| <b>Total Operating</b>        | <b>0.0</b>              | <b>0.0</b>                | <b>5.0</b>              | <b>5.0</b> | <b>0.0</b> | <b>250.0</b> | <b>45.0</b> |

### Fund Source (Operating Only)

|                     |            |            |            |            |            |              |             |
|---------------------|------------|------------|------------|------------|------------|--------------|-------------|
| 1004 Gen Fund (UGF) |            |            | 5.0        | 5.0        |            | 250.0        | 45.0        |
| <b>Total</b>        | <b>0.0</b> | <b>0.0</b> | <b>5.0</b> | <b>5.0</b> | <b>0.0</b> | <b>250.0</b> | <b>45.0</b> |

### Positions

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

### Change in Revenues

|              |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |
| <b>Total</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> |

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2018) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

### ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 06/30/20

### Why this fiscal note differs from previous version:

|                  |
|------------------|
| Initial version. |
|------------------|

|              |                                 |        |                     |
|--------------|---------------------------------|--------|---------------------|
| Prepared By: | Brent Goodrum, Director         | Phone: | (907)269-8625       |
| Division:    | Mining, Land and Water          | Date:  | 04/21/2017 01:00 PM |
| Approved By: | Andrew T. Mack, Commissioner    | Date:  | 04/21/17            |
| Agency:      | Department of Natural Resources |        |                     |

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

## Analysis

Under Sec. 2, The commissioner of Department of Natural Resources (DNR) would be required to make an independent finding that the applicant for a large-scale metallic sulfide mining operation located within the watershed of the Bristol Bay Fisheries Reserve has proven beyond a reasonable doubt that the proposed mine permit does not constitute a danger to the fisheries, fish or wildlife.

Because DNR does not employ subject matter experts in fisheries or water quality, DNR will be required to contract for private subject matter experts in these fields to complete those elements of the finding. To contract for these services, DNR anticipates the need for \$250.0 thousand to have the capacity to prepare the required findings and reports and \$45.0 thousand per year thereafter for technical and legal support. It is uncertain when this would begin, however it is likely that it would take at least two years minimum to go through the permitting. Therefore, the expected cost incurred will not begin until at least FY2022.

Proposed AS 38.05.142(b) requires DNR to adopt regulations to implement this section of law. Although there is no due date, it is anticipated that we would have to hire a contractor to help craft and promulgate these regulations by the end at a cost of \$5.0 thousand in FY2019 and FY2020 to accomplish this task.