

Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	HB 270
Fiscal Note Number:	1
(H) Publish Date:	2/21/2020

Identifier: LL 2020 200064/4
 Title: STATE LAND VOUCHER; PFDS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

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)

	FY2021	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2021 Request	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
OPERATING EXPENDITURES	FY 2021	FY 2021						
Personal Services	***		***	***	***	***	***	***
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	***	0.0	***	***	***	***	***	***

Fund Source (Operating Only)

None								
Total	***	0.0	***	***	***	***	***	***

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None	***		***	***	***	***	***	***
Total	***	0.0	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2020) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2021) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? no
(Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed? **06/30/21**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Mining, Land & Water	Date:	02/20/2020 12:00 PM
Approved By:	Raquel Solomon-Gross, Administrative Services Director	Date:	02/20/20
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2020 LEGISLATIVE SESSION

Analysis

This bill requires the Department of Natural Resources (DNR) to accept Permanent Fund Dividend land vouchers issued by the Department of Revenue (DOR) as payment for purchases of state land sold by DNR under land sales contract. The voucher would be worth twice the amount of the dividend, as calculated under AS 43.23.025, and can be applied toward purchase of state land occurring only after the bill's effective date.

The bill also requires DNR to report annually to the Governor the number and value of state land vouchers accepted for payment during each year, and to recommend whether additional appropriations to the Land Disposal Income Fund (LDIF) is needed to restore fund depletion caused by acceptance of state land vouchers.

For the purposes of this fiscal note, DNR anticipates that:

- 1) The election of a land sale voucher rather than a monetary dividend will be popular among PFD-eligible Alaskans;
- 2) A significant number of individuals who anticipate purchasing land from DNR in the near future will opt to receive the voucher due to its potentially higher value;
- 3) The bill's effective date will be January 1, 2021, and the first vouchers will be issued in October 2021 (FY22);
- 4) Dividend vouchers could be transferred and combined to apply to sales of state land offered by DNR through land sale contracts. Non-residents will be able to purchase vouchers from Alaska residents to use on land sale contracts;
- 5) Several Alaska residents will opt for the dividend voucher option in the anticipation of selling these vouchers at prices less than face value, but greater than the value of the annual individual dividend; and
- 6) The transferability of dividend vouchers will encourage the development of a lucrative secondary voucher market, which both residents and non-residents will employ to pay off future land sale contracts.

This fiscal note reflects an indeterminant loss of revenues to the state and LDIF based on the following potential factors:

- 1) The amount of the statutory PFD for any given year is volatile;
- 2) The number of persons opting to receive a state land voucher is currently unpredictable;
- 3) The number of state land vouchers that will be applied to DNR's future sale contracts is currently unpredictable;
- 5) The effect of dividend voucher availability on inflating land auction bids; and
- 6) The value of state land ultimately conveyed out of state ownership in exchange for dividend land vouchers.

DNR anticipates the revenue losses to the LDIF will initially be minimal but could increase over time as older land contracts (without vouchers applied) are satisfied and replaced by newer land contracts where vouchers are applied. DNR anticipates this steady annual reduction could result in the department needing offsetting additional General Fund appropriations.