

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	SB 62
Fiscal Note Number:	1
(S) Publish Date:	1/29/2021

Identifier: 0714-DNR-DOG-1-27-21
Title: GAS LEASES; RENEWABLE ENERGY GRANT
FUND
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Natural Resources
Appropriation: Oil & Gas
Allocation: Oil & Gas
OMB Component Number: 439

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) 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? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable; initial version.

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Agency: Office of Management and Budget

Phone: (907)269-7439
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Date: 01/28/21

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

Analysis

This proposal provides a mechanism for the state to lease and collect revenue from adjacent submerged lands, but without endangering protected surface waters by denying surface access. Without this provision, state resources could be drained from adjacent lands without a clear legal framework for collection of royalties. The bill would modify AS 38.05.184, which prohibits oil and gas leasing in the offshore acreage in the southern Kenai Peninsula. A modification of the Renewable Energy Grant Fund and Recommendation Program is provided to allow the legislature to appropriate some revenue from these gas leases.

This bill includes a provision for the legislature to appropriate proceeds from the sale of leases made available by this bill to the Renewable Energy Grant Fund and Recommendation Program under AS 42.45.045 (OMB Code #1210). This could impact the amount of lease sale bonus bids deposited in the Unrestricted General Fund, but depends on the percentage appropriated by the legislature and the amount of bids received in a future lease sale, neither of which can be predicted for the purpose of this analysis.

The bill would not significantly modify current department activities; instead, it removes an artificial barrier to allowing the Division to offer leases for oil and gas exploration in a small portion of the Cook Inlet, adjacent to the current leasing program. The Division already conducts regular onshore lease sales of regions including Cook Inlet and anticipates that any slight incremental increase in work required sales by offering new areas for lease will be absorbed with current funding; therefore, the Division submits a zero fiscal note.