

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	CSHB 49(RES)
Fiscal Note Number:	5
(H) Publish Date:	3/20/2023

Identifier: HB049CS(RES)-DNR-DMLW-03-16-23
 Title: CARBON OFFSET PROGRAM ON STATE LAND
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (H)RES

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)

	FY2024	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2024 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
OPERATING EXPENDITURES	FY 2024	FY 2024					
Personal Services	477.2		477.2	477.2	477.2	477.2	477.2
Travel	20.0		20.0	20.0	20.0	20.0	20.0
Services	212.4		212.4	212.4	212.4	212.4	212.4
Commodities	40.0		8.0	8.0	8.0	8.0	8.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	749.6	0.0	717.6	717.6	717.6	717.6	717.6

Fund Source (Operating Only)

1004 Gen Fund (UGF)	749.6		717.6	717.6	717.6	717.6	717.6
Total	749.6	0.0	717.6	717.6	717.6	717.6	717.6

Positions

Full-time	4.0						
Part-time							
Temporary							

Change in Revenues

None	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2023) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2024) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? yes
(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 If yes, by what date are the regulations to be adopted, amended or repealed? 06/01/24

Why this fiscal note differs from previous version/comments:

This fiscal note refers to House Resources Committee version S, clarifies bill implementation, and clarifies fund sources.

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Division:	Mining Land & Water	Date:	03/16/2023 12:00 PM
Approved By:	Theresa Cross, Administrative Services Director	Date:	03/16/23
Agency:	Natural Resources		

FISCAL NOTE ANALYSIS

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Analysis

This bill establishes a carbon offset program in the Department of Natural Resources (Department) and authorizes leasing of state lands for carbon management purposes. The proposed programs will facilitate use of state lands and generate new revenue streams for the state. The Department envisions them as separate programs with separate staff and funding, but sharing a central coordinator with in-house carbon management expertise. The leasing program allows entities to apply for leases of state lands for carbon management purposes. The offset program allows the state to undertake carbon offset projects.

REVENUE

Revenues are not specifically estimated for either program due to timeline uncertainty and potential project variations. After legislative enactment, the Department assumes that carbon offset program stand-up and initial project identification would occur during Calendar Year (CY) 2023 and 2024. Project development is estimated to begin in CY 2024 or 2025.

Current approximations for carbon offset projects have a development timeline of 18 to 24 months before generating credits, and earliest credit sales may occur in FY 2028. Revenue generated from carbon offset credits is deposited into the Carbon Offset Fund established by this bill.

Leasing revenue will be driven by demand, value and area of lands leased, and rental payments as established under AS 38.05.081(f), and is deposited in general fund program receipts.

EXPENDITURES

The Department will lay a foundation for leases and offset projects and then fill out staffing based on program demand. A large project coordinator and administrative officer housed in the Department's Office of Project Management and Permitting (OPMP) will coordinate Department subject matter experts, planners, foresters and adjudicators in the Divisions of Mining, Land & Water (DMLW) and Forestry & Fire Protection (DOF). Staff in DMLW support the leasing program established under AS 38.05.081 and are funded by unrestricted general funds then, as available, through program receipts; the intent is to utilize receipt authority in place of general fund dollars. Staff in DOF and OPMP are also funded by unrestricted general funds; the intent is to utilize the Carbon Offset Fund in place of general fund dollars.

Personnel Costs in the Division of Mining, Land and Water:

Three Natural Resource Specialists 2/3 (Range 16/18) including two adjudication staff and one land title specialist. These staff are needed to issue best interest findings, issue and administer leases, conduct site visits, and ensure clear title.

One GIS Analyst 3 (Range 19). This position maintains all project related geospatial data and enters information into the state land administration system; Develops reporting and management tools; Synthesizes information.

Travel Costs.

The Department anticipates \$20.0 in annual travel expenses for field verification of parcel locations and conditions.

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AnalysisServices:

The Department anticipates annual contracting costs for surveys of lease parcels at \$75.0 annually, and for appraisals at \$75.0 annually. Contractual costs for office space, telephones, core service charges and related expenses for new positions are \$15.0 per position annually. Funding for training staff on carbon offsets and other programmatic areas is estimated at \$2.4 annually.

Commodities/Supplies:

Supply costs including computers are \$2.0 per person annually. Initial office set up is a one-time cost of \$10.0 per staff (\$10.0 x 4 positions in year one).