

# Fiscal Note

State of Alaska  
2024 Legislative Session

|                     |               |
|---------------------|---------------|
| Bill Version:       | CSHB 359(RES) |
| Fiscal Note Number: | 1             |
| (H) Publish Date:   | 4/9/2024      |

Identifier: HB359-DNR-DMLW-03-06-24  
 Title: ONE-TIME PFD PAYMENT  
 Sponsor: CRONK  
 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)

|                               | FY2025                  | Included in               | Out-Year Cost Estimates |                |                |                |                |
|-------------------------------|-------------------------|---------------------------|-------------------------|----------------|----------------|----------------|----------------|
|                               | Appropriation Requested | Governor's FY2025 Request | FY 2026                 | FY 2027        | FY 2028        | FY 2029        | FY 2030        |
| <b>OPERATING EXPENDITURES</b> | <b>FY 2025</b>          | <b>FY 2025</b>            | <b>FY 2026</b>          | <b>FY 2027</b> | <b>FY 2028</b> | <b>FY 2029</b> | <b>FY 2030</b> |
| Personal Services             | ***                     |                           | ***                     | ***            | ***            | ***            | ***            |
| Travel                        |                         |                           |                         |                |                |                |                |
| Services                      |                         |                           |                         |                |                |                |                |
| Commodities                   |                         |                           |                         |                |                |                |                |
| Capital Outlay                |                         |                           |                         |                |                |                |                |
| Grants & Benefits             |                         |                           |                         |                |                |                |                |
| Miscellaneous                 |                         |                           |                         |                |                |                |                |
| <b>Total Operating</b>        | ***                     | <b>0.0</b>                | ***                     | ***            | ***            | ***            | ***            |

**Fund Source (Operating Only)**

|              |     |            |     |     |     |     |     |
|--------------|-----|------------|-----|-----|-----|-----|-----|
| None         |     |            |     |     |     |     |     |
| <b>Total</b> | *** | <b>0.0</b> | *** | *** | *** | *** | *** |

**Positions**

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

**Change in Revenues**

|              |     |            |     |     |     |     |     |
|--------------|-----|------------|-----|-----|-----|-----|-----|
| None         | *** |            | *** | *** | *** | *** | *** |
| <b>Total</b> | *** | <b>0.0</b> | *** | *** | *** | *** | *** |

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) 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:**

Initial version, not applicable.

|              |   |        |               |
|--------------|---|--------|---------------|
| Prepared By: | Christy Colles, Director                        | Phone: | (907)269-8532 |
| Division:    | Mining, Land and Water                          | Date:  | 03/06/2024    |
| Approved By: | Theresa Cross, Administrative Services Director | Date:  | 03/07/24      |
| Agency:      | Natural Resources                               |        |               |

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
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## 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 state land purchases. The state land sale voucher would be worth \$5,000.00.

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

- 1) The election of a land sale voucher will be popular among PFD-eligible Alaskans; and
- 2) A significant number of individuals who anticipate purchasing land from DNR will opt to receive the voucher.

This fiscal note reflects an indeterminant loss of revenues to the state and Land Disposal Income Fund (LDIF) based on the following potential factors:

- 1) The number of persons opting to receive a state land voucher is currently unpredictable;
- 2) The number of state land vouchers that will be applied to DNR's land sales is currently unpredictable;
- 3) The effect of dividend voucher availability on inflating land auction bids; and
- 4) The value of state land ultimately conveyed out of state ownership in exchange for dividend land vouchers.
- 5) DNR relies on the LDIF revenue to fund or partially fund 42 positions within Division of Mining, Land and Water and 3 positions within the Division of Agriculture.

Presently, LDIF is self-funding and expends revenue from sales to develop and offer land (including funding for positions, and survey and development costs). DNR operates the program with a limited amount of undesignated general funds until a sufficient balance is achieved to utilize the fund source. If DNR receives no compensation for the parcels sold through a voucher, LDIF will continuously be expending funds for development without the ability to recuperate those funds.

DNR anticipates an acute reduction in funding to the LDIF in the first years of voucher usage. If, using a conservative estimate, 10,000 PFD recipients choose to participate in the voucher program, this will result in \$50 million in vouchers which represents roughly 50 times the current value of the LDIF.

This reduction could result in the department requiring additional General Fund appropriations of an estimate of up to \$5 million, but no less than \$3 million dollars each budget fiscal year, in order to prepare land for sale and maintain staff to perform land sales. In addition, increased state land purchases would increase the cost related to developing sale parcels to meet higher demand, and increase staff time spent preparing and selling state land.