

Fiscal Note

State of Alaska
2023 Legislative Session

Bill Version:	CSSB 48(RES)
Fiscal Note Number:	6
(S) Publish Date:	5/5/2023

Identifier: SB048CS(RES)-DNR-DOF-05-02-23
Title: CARBON OFFSET PROGRAM ON STATE LAND
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (S)RES

Department: Department of Natural Resources
Appropriation: Fire Suppression, Land & Water Resources
Allocation: Forest Management & Development
OMB Component Number: 435

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2024 Appropriation Requested	Included in Governor's FY2024 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Personal Services	107.9		107.9	107.9	107.9	107.9	107.9
Travel	10.0		10.0	10.0	10.0	10.0	10.0
Services	17.4		17.4	17.4	17.4	17.4	17.4
Commodities	12.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	147.3	0.0	137.3	137.3	137.3	137.3	137.3

Fund Source (Operating Only)

1004 Gen Fund (UGF)	147.3		137.3	137.3	137.3	137.3	137.3
Total	147.3	0.0	137.3	137.3	137.3	137.3	137.3

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0
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If yes, by what date are the regulations to be adopted, amended or repealed? 06/01/24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 CSSB 48(RES), clarifies bill implementation, and clarifies fund sources, and increases the commodities costs from the initial version to reflect those revisions. The Personal Services was revised to a D step salary across the fiscal note to ensure the division has sufficient funds. The commodities line was increased due to the significant increase in start-up material costs for new employees. The number of positions was reduced to one. This reduction more accurately reflects the anticipated responsibilities Division of Forestry & Fire Protection would have in order to implement the bill and support a contracted project developer implementing an initial project. If additional positions are necessary for future projects undertaken with the state as developer, the department will request additional positions.

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Approved By: Theresa Cross, Administrative Services Director
Agency: Natural Resources

Phone: (907)269-8474
Date: 04/25/2023
Date: 05/02/23

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2023 LEGISLATIVE SESSION**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 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 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 Forestry & Fire Protection:

One permanent position (this may be a Range 18 Forester 3, or a Natural Resources Specialist 3, or a Natural Resources Manager 1): This position will coordinate and complete updates of State Forest Management Plans, analyze forest carbon offset projects and provide input on best interest findings, identify new potential forest carbon offset project areas on State Forests or other state lands, oversight and quality control of contractors, provide data and information to project developers, design and implement timber management practices that meet the requirements of the forest carbon offset projects, ensure consistency of forest management with carbon offset project commitments.

Travel Costs:

The Department anticipates \$10.0 in annual travel expenses for forest inventory and public meetings associated with updating the state forest management plans.

Services:

Contractual costs for office space, telephones, core service charges and related expenses for the new position is \$15.0 annually. Funding for training on carbon offsets and other programmatic areas is estimated at \$2.4 annually.

<see next page>

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STATE OF ALASKA
2023 LEGISLATIVE SESSION

BILL NO. CSSB 48(RES)

AnalysisCommodities/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. First year costs combined (initial and annual) are \$12.0.