

SB

283

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

Jo. 1
 Bill Version: SB 283
 (S) Publish Date: 2-28-00

Revision Date/Time: 23-Feb-00 Dept Affected: Natural Resources
 Title: An Act relating to accounting for and BRU: Minerals, Land & Water Development
appropriations of state land disposal program revenue. Component: Land Sales and Municipal Entitlements
 Sponsor: Rules Committee
 Requestor: Governor Component No. #2459

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | ** | ** | ** | ** | ** | ** |

| | | | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| CAPITAL EXPENDITURES | ** | ** | ** | ** | ** | ** |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|

| | | | | | | |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| CHANGE IN REVENUES | ** | ** | ** | ** | ** | ** |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|-------------------------------|-----------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | (789.6) | (789.6) | (789.6) | (789.6) | (789.6) |
| 1061 CIP Receipts | | (70.9) | (70.9) | (70.9) | (70.9) | (70.9) |
| 1108 Statutory Designated PR | | (363.1) | (363.1) | (363.1) | (363.1) | (363.1) |
| Other (Land Dis. Income Fund) | | 1,223.6 | 1,223.6 | 1,223.6 | 1,223.6 | 1,223.6 |
| TOTAL | ** | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2000) cost: \$ n/a

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS: (Attach a separate page if necessary)

Land Disposal Income Fund receipts can replace budgeted general fund, CIP and statutory designated program receipts starting in FY2002.

The revenues going into the Land Disposal Income Fund will fluctuate based on number of acres offered and sold. The current revenue stream is \$1.6 million.

For example, with an estimated re-offering of 50,000 acres currently in the inventory, plus an additional offer of 5,000 remote and 500 coastal acres, the revenue stream would increase by an estimated amount between \$2.2 and \$4.7 million.

Prepared by: Bob Loeffler, Director Phone: 269-8625
 Division: Mining, Land & Water Date: 23-Feb-00
 Approved by Commissioner: John Shively Date: _____
 Agency: Natural Resources

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SB283
#1

Continuation of fiscal note for: Land Disposal Income Fund

The Division of Mining, Land and Water estimates the cost of offering an acre of land in the following categories is:

| | |
|-----------|----------|
| Re-offers | \$12.90 |
| Remote | \$250.00 |
| Coastal | \$753.00 |

** Based on these estimates, it would cost around an additional \$2,271.5 to offer 50,000 acres of re-offers, 5,000 acres of remotes and 500 acres of coastal land.

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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W-283

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

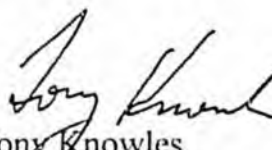
Dear President Pearce:

Thoughtfully crafted sales of state land can benefit the public as well as the state. Unfortunately, budget restraints severely limit the state's financial ability to plan and offer land sales. This bill I transmit today provides the mechanism for the state to sell land to Alaskans by placing proceeds of sales into a separate account that can then fund future sales.

Under this bill, receipts of the state land disposal program administered by the Department of Natural Resources (department) would be accounted for separately and placed in the state land disposal income fund. The Legislature may appropriate from the fund for department expenses associated with the program. The fund would be capped at \$5 million; any revenues in excess of \$5 million at the end of a given fiscal year would be deposited into the general fund.

I urge your prompt and favorable action on this measure.

Sincerely,


Tony Knowles
Governor

SENATE BILL NO. 283

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/28/00

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the accounting for and appropriations of state land disposal
2 program revenue; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 37.05.146(b)(4) is amended by adding a new subparagraph to read:

5 (X) state land disposal program (AS 38.04.022);

6 * Sec. 2. AS 38.04.022(a) is amended to read:

7 (a) The revenue from the [SALE OF] state land disposal program shall be
8 deposited in the [A SPECIAL] state land disposal income fund [ACCOUNT] in the
9 state treasury. On June 30 of each fiscal year, the portion of that fund that
10 exceeds \$5,000,000 shall be deposited in the state general fund. Under
11 AS 37.05.146(b), amounts in the state land disposal income fund shall be
12 accounted for separately, and appropriations from the fund are not made from
13 the unrestricted general fund. The legislature may appropriate money from the
14 [SPECIAL] state land disposal income fund [ACCOUNT] for expenditures by the

1 Department of Natural Resources for necessary costs incurred by the commissioner in
2 the implementation of state land disposal programs authorized under this title or for
3 any other public purpose.

4 * **Sec. 3.** This Act takes effect July 1, 2000.



43961 Kalifornsky Beach Road • Suite E • Soldotna, Alaska • 99669
(907) 262-2492 • Fax: (907) 262-2898 • E Mail: kpfa@alaska.net

March 29, 2000

Senator Rick Halford Chairman
Senate Resource Committee
State Capitol
Juneau, Alaska 99801

Dear Senator Halford

The Kenai Peninsula Fishermen's Association represents the interests of approximately 400 members who set gillnet for salmon commercially along the shores of Cook Inlet. The majority of our members currently hold shore fishery leases. KPFA strongly supports CS283(RES) and asks that you pass it out of committee at today's meeting.

We certainly appreciate your recognition that SB258 was a totally unacceptable bill. Your efforts in producing CS283 has resulted in a bill that offers stability to a uniquely Alaskan industry in a fiscally responsible manner.

Thank you for your efforts.

Sincerely,

Karl Kircher
Executive Director

Subject: CS 283

Date: Wed, 29 Mar 2000 12:45:03 -0900

From: SandyAlaska <sbs@alaska.net>

To: Juli_Lucky@legis.state.ak.us

To : Sen. Halford and the Senate Resource Committee

Ugashik Set Net Association wants to thank you for the assistance in getting funding restored to / for the original Shore Fishery Lease program.

We will be monitoring this bill thro the Senate Finance Committee and over in the House Fisheries Committee.

Thanks again to all of you for helping to maintain a program that supported itself and was income producing state.

Sandy Umlauf

Ugashik Set Net Association

<www.alaska.net/~sbs/ugashikweb>

> ° °

> ° °

> <"/><

Subject: CS 283

Date: Wed, 29 Mar 2000 13:22:58 -0900

From: "J&V" <vadams@gci.net>

To: <Juli_Lucky@legis.state.ak.us>

Dear Sen. Halford, Senate Resources Committee,

Being a set net fisherman who has held a shore lease for 21 years, I am most appreciative of the recent solutions you have crafted to maintain the lease program. It makes good sense to maintain a program that pays its own way and in no way burdens the State of Alaska. Again, thank you for your "resourcefulness" in dealing with this problem of too long. I very much look forward to the reinstatement of an efficient working shore fishery lease program.

Sincerely,

Virginia Adams, Kodiak

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/28/00

FURTHER: Finance

Date of 5-Day Notice: 3/23/00
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/30/00

Resources Committee considered

SENATE BILL NO. 283

"An Act relating to the accounting for and appropriations of state land disposal program revenue; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 283 (RES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR# _____

| <u>SIGNING DO PASS</u> | <u>DP</u> | <u>OTHER RECOMMENDATIONS</u> | <u>NR</u> | <u>DNP</u> | <u>AM</u> |
|-----------------------------------|-------------------------------------|------------------------------|-----------|------------|-----------|
| <i>Miss L. Taylor</i> | <input checked="" type="checkbox"/> | | | | |
| <i>Scott Powell</i> | | | | | |
| <i>Lyle A. Reed</i> | <input checked="" type="checkbox"/> | | | | |
| <i>Pete Kelly</i> | <input checked="" type="checkbox"/> | | | | |
| <i>Demetrius Hudson</i> | <input checked="" type="checkbox"/> | | | | |
| CHAIR: <i>Rick Halford</i> | <input checked="" type="checkbox"/> | CHAIR: | | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|----------------------|------|------|--------|
| <i>DNR</i> | | | |
| <i>Fiscal Notes</i> | | | |
| <i>Forth coming.</i> | | | |
| | | | |
| | | | |

PREVIOUS FISCAL NOTE(S):*

| Department | Date | Zero | Fiscal |
|------------|----------------|------|--------|
| <i>DNR</i> | <i>2/28/00</i> | | |
| | | | |
| | | | |
| | | | |
| | | | |

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 283(RES)

Revision Date/Tim 30-Mar-00

Dept Affected: Natural Resources

Title: An Act establishing the shore fisheries

BRU: Minerals, Land & Water Development

development lease program account...revenue...land disposal...

Component: Claims, Permits and Leases

Sponsor: S Rules

Requestor: SRES

Component No #2460

Expenditures/Revenues

(Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 161.0 | 161.0 | 161.0 | 161.0 | 161.0 | 161.0 |
| TRAVEL | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 |
| CONTRACTUAL | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |

| | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-----------------------------|------------|------------|------------|------------|------------|------------|

| | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| CHANGE IN REVENUES (fund code) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | (100.0) | (100.0) | (100.0) | (100.0) | (100.0) | (100.0) |
| 1037 GF/Mental Health | | | | | | |
| 1108 SDPR | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 |
| TOTAL | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |

Estimate of any current year (FY2000) cost: \$

n/a

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 3 | 3 | 3 | 3 | 3 | 3 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS:

(Attach a separate page if necessary)

This fiscal note shows that in FY2001 there is a fund source switch of \$100.0 GFPR to Statutory Designated Program Receipts, and a restoration of funding in the amount of \$200.0 SDPR. The out-years reflect that the one-time fund source switch remains in effect -- there are not additional switches.

This bill restores funding for the existing shore fisheries leasing program by converting it to statutory designated program receipts. It has previously been sourced as general fund, program receipts. In the department's FY 2000 budget, funding for the program was cut to a third of its previous level. In response to this reduction, DNR proposed a

[Cont.]

Prepared by: Bob Loeffler

Division: Mining, Land and Water

Approved by Commissioner:

John Shively

Agency:

Natural Resources

Phone: 269-8625

Date: 30-Mar-00

Date: 30-Mar-00

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Continuation of fiscal note:

self-executing registration system for commercial set net fishing sites that the department could oversee within the amount budgeted. However, commercial setnetters objected that the proposed replacement system would not give them the same security of tenure as a shore fisheries lease. It would also have eliminated DNR's role in resolving conflicts between applicants competing for the same fishing site, leaving them to settle the issue by arbitration or in court. Finally, it would no longer have required a survey plat or shore fishery lease diagram, leading to more boundary disputes.

Funding that would be restored under this bill would provide a Natural Resource Officer II (Range 16) to adjudicate leases, a Surveyor I to review shore fishery lease diagrams, and a Natural Resource Technician II (Range 12) to research land status, do data entry, and handle routine lease administration. It would also provide travel and contractual funds for on-site inspections of disputed sites. The existing lease program brings in approximately \$360.0 a year, and is expected to continue to generate that level of revenue.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 283(RES)

Revision Date/Tim 30-Mar-00

Dept Affected: Natural Resources

Title: An Act establishing the shore fisheries
development lease program account ... revenue... land disposal...

BRU: Minerals, Land & Water Development

Component: Land Sales and Municipal Entitlements

Sponsor: S Rules

Requestor: SRES

Component No. #2459

Expenditures/Revenues

(Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|------------------------|----------------|----------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 525.9 | 530.0 | 500.0 | 460.0 | 460.0 | 460.0 |
| TRAVEL | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| CONTRACTUAL | 460.4 | 636.4 | 467.4 | 459.4 | 459.4 | 459.4 |
| SUPPLIES | 8.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| EQUIPMENT | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 1,014.3 | 1,191.4 | 992.4 | 944.4 | 944.4 | 944.4 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|--------------------|---------|---------|---------|---------|---------|---------|
| CHANGE IN REVENUES | 2,300.0 | 2,783.0 | 3,411.0 | 3,481.0 | 3,781.0 | 3,981.0 |
|--------------------|---------|---------|---------|---------|---------|---------|

FUND SOURCE

(Thousands of Dollars)

| | | | | | | |
|--------------------------------|----------------|----------------|--------------|--------------|--------------|--------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | (789.6) | (789.6) | (789.6) | (789.6) | (789.6) | (789.6) |
| 1061 CIP Receipts | (70.9) | (70.9) | (70.9) | (70.9) | (70.9) | (70.9) |
| 1108 Statutory Designated PR | (363.1) | (363.1) | (363.1) | (363.1) | (363.1) | (363.1) |
| Other (Land Disp. Income Fund) | 2,167.0 | 2,415.0 | 2,216.0 | 2,168.0 | 2,168.0 | 2,168.0 |
| TOTAL | 1,014.3 | 1,191.4 | 992.4 | 944.4 | 944.4 | 944.4 |

Estimate of any current year (FY2000) cost: \$

N/A

POSITIONS

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 8 | 9 | 9 | 8 | 8 | 8 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS:

(Attach a separate page if necessary)

Note: The fiscal note is designed to show the fund source switches which will be done once, and the annual net increased cost to implement this legislation. For example, in FY2001 there is a fund source switch of \$789.6 GF and \$363.1 SDPR to the Land Disposal Income Fund, and an additional \$1,014.3 of Land Disposal Income Fund. The out- years on the fiscal note reflect that the one-time fund source switches remain in effect – they are not additional fund source switches.

Costs. This fiscal note includes three cost items:

1. The Land Sales and Municipal Entitlement component from the proposed FY 01 operating budget. It includes the \$1,152.7K that would be deleted from general fund and existing SDPR sources and transferred to the new land disposal income fund, plus \$150K for land title costs. In year FY 02, an additional \$70.9 in CIP funds is deleted.

(Continued on next page)

Prepared by: Bob Loeffler, Director

Phone: 269-8625

Division: Mining, Land & Water

Date: 30-Mar-00

Approved by Commissioner:

John Shively

Date: 30-Mar-00

Agency: Natural Resources

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2 A new land disposal program that includes offering 55,500 acres for sale in FY 02 and 03. This offering would cost \$2,271K spread over FY 01, 02 and 03. It would include:

- Comprehensive Re-Offering of 50,000 acres (5,000 parcels) of existing subdivision lots (these are re-offerings of parcels not previously sold, sold but foreclosed upon, etc.);
- Remote offerings of 5,000 acres (500 parcels) offered under the remote recreation cabin site program (these offerings begin as leases, then convert to sales when surveyed); and
- New Subdivisions of 500 acres (100 parcels) of new subdivisions.

3. Continued Land Disposal in FY 04, 05, 06, and preparing for future years. To maintain a stable land disposal program, it will be necessary to continue offering lots to replace the remote offerings and subdivision lots sold in FY 02 and 03. These costs begin in FY 02 and continue throughout the fiscal note period, stabilizing at about \$794K annually.

Revenues. The "Change in Revenues" in this fiscal note combines three sources of revenue:

1. Revenues from past sales. The state expects to receive approximately \$1,600K each year of the fiscal note from sales made in past years.
2. Revenues from the first 55,000 acres offered. Revenues from sale of the first 55,000 acres begin in FY 02 and continue through the fiscal note.
3. Revenues from future land disposals in FY 04, 05, and 06. Taken together, these three sources of revenue over the six-year period are expected to total over \$18.8 million, but fluctuate somewhat from year to year.

Additional details (cost and revenue projections) are shown in the table on the next page. The table shows that in the first year, the costs barely cover the revenues, but that the revenues grow every year thereafter. By FY 2006, the land disposal income fund includes a balance of more than \$5 million and the excess, beginning with that year's surplus of \$535K, is transferred to the general fund by operation of law under SB 283.

The number of new positions in the program would be either 8 or 9, of which 3 are needed for land title work.

(Continued on next page)

| | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| COSTS | | | | | | |
| Existing Cost of Component (See P. 1) | \$ 1,303 | \$ 1,374 | \$ 1,374 | \$ 1,374 | \$ 1,374 | \$ 1,374 |
| Additional \$2,271 to fund first 55,000 acres to be offered in FY 02 and 03, and continued funding for sales thereafter: | | | | | | |
| Comprehensive Re-offe | \$ 275 | \$ 323 | \$ 48 | - | - | - |
| Remot | \$ 418 | \$ 418 | \$ 418 | \$ 418 | \$ 418 | \$ 418 |
| Subdivision | \$ 100 | \$ 300 | \$ 376 | \$ 376 | \$ 376 | \$ 376 |
| Total Cost: | \$ 2,096 | \$ 2,415 | \$ 2,216 | \$ 2,168 | \$ 2,168 | \$ 2,168 |
| REVENUES | | | | | | |
| Revenues from Past Sales | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 |
| Revenues from Planned FY 01 Sales | \$ 700 | \$ 433 | \$ 466 | \$ 366 | \$ 366 | \$ 366 |
| Revenues from FY 02 and Future Sales | | \$ 750 | \$ 1,245 | \$ 1,315 | \$ 1,515 | \$ 1,715 |
| Total Revenue: | \$ 2,300 | \$ 2,783 | \$ 3,311 | \$ 3,281 | \$ 3,481 | \$ 3,681 |
| FUND BALANCE | | | | | | |
| Balance of Land Disposal Income Fund at year's end: | \$ 204 | \$ 572 | \$ 1,667 | \$ 2,780 | \$ 4,093 | \$ 5,606 |
| Amount Spilled Over to the General Fund | - | - | - | - | - | \$ 606 |