

**HB**

**192**

**HFIN**

**FILE**



# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 192  
(H) Publish Date: 3/12/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Natural Resources  
Title: Designating Dept. of Natural Resources as BRU Resource Development  
lead agency for resource development projects Component Development Special Projects  
Sponsor: Rules  
Requester: Governor Component No. 2039

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 36.2  
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
Funding for this legislation is included in the FY04 Governor's operating budget request. Under this legislation, DNR will establish an Office of Project Management and Permitting. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies with authority over a project. To accomplish this DNR is requesting funding to establish the office and develop the program base for an on-going program. DNR is requesting five positions that will serve as project managers and coordinators.

Prepared by: Dick LeFebvre, Deputy Commissioner Phone 269-8427  
Division: Commissioner's Office Date/Time 3/11/2003  
Approved by: Tom Irwin, Commissioner Date 3/11/2003  
Agency: Natural Resources

XERO COPY

FISCAL NOTE #1

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. HB 192

ANALYSIS CONTINUATION

These positions will be responsible for negotiating agreements and managing the overall state project review and permitting activities of all agencies with jurisdiction over a project. These positions will work with other state and federal agencies and local government to facilitate review and permitting.

Funding for the remainder of FY03 (May and June) is requested in the amount of \$36.2. This allows DNR to establish two of the requested positions to get the office started and begin the effort of streamlining the permitting process. Position costs are estimated at \$7.8/month per position for a total of \$31.2. Additional start up costs for space and computers are estimated at \$5.0.

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: HB 192  
(H) Publish Date: 4/15/2003

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DEC  
Title: DNR lead for Resource Development Projects BRU: Administrative Services  
Sponsor: Rules Component: Office of the Commissioner  
Requester: House Resources Component No.: 633

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill will have no fiscal impact on the department.

Prepared by: Mary Siroky, Legislative Liaison Phone 465-5355  
Division: Statewide Public Services Date/Time 4/15/03 3:44 PM  
Approved by: Kurt Fredriksson, Deputy Commissioner Date 4/15/2003  
Agency: Department of Environmental Conservation

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

HB192  
P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
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FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

March 11, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designating the Department of Natural Resources (DNR) as the lead state agency in the permitting of resource development projects in this state.

The purpose of this bill is to facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over large projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

This bill would authorize the DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project and would repeal existing statutes in AS 46.35 regarding permit coordination. The result of the DNR's efforts as lead agency will be better communication, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provisions necessitates the relocation of unrelated language, specific to Department of Environmental Conservation permit decisions, to more appropriate locations in AS 46.03 and AS 46.04, as set out in secs. 2 and 3 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

Handwritten signature of Frank H. Murkowski in black ink.  
Frank H. Murkowski  
Governor

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB 192  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DEC  
 Title DNR lead for Resource Development Projects BRU Administrative Services  
 Component Office of the Commissioner  
 Sponsor Rules  
 Requester House Resources Component No. 633

**Expenditures/Revenues** (Thousands of Dollars)

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

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<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**POSITIONS**

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Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill will have no fiscal impact on the department.

Prepared by: Mary Siroky, Legislative Liaison  
 Division: Statewide Public Services  
 Approved by: Kurt Fredriksson, Deputy Commissioner  
 Agency: Department of Environmental Conservation

Phone 465-5355  
 Date/Time 4/14/03 11:18 AM  
 Date 4/14/2003



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
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 (H) Publish Date: 3/12/03

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lead agency for resource development projects Component Development Special Projects  
 Sponsor Rules  
 Requester Governor Component No. 2039

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Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

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Prepared by: Dick LeFebvre, Deputy Commissioner Phone 269-8427  
 Division: Commissioner's Office Date/Time 3/11/2003  
 Approved by: Tom Irwin, Commissioner Date 3/11/2003  
 Agency: Natural Resources

**FISCAL NOTE #1**

**STATE OF ALASKA  
2003 LEGISLATIVE SESSION**

**BILL NO. HB 192**

**ANALYSIS CONTINUATION**

These positions will be responsible for negotiating agreements and managing the overall state project review and permitting activities of all agencies with jurisdiction over a project. These positions will work with other state and federal agencies and local government to facilitate review and permitting.

Funding for the remainder of FY03 (May and June) is requested in the amount of \$36.2. This allows DNR to establish two of the requested positions to get the office started and begin the effort of streamlining the permitting process. Position costs are estimated at \$7.8/month per position for a total of \$31.2. Additional start up costs for space and computers are estimated at \$5.0.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION  
COMMISSIONER BALLARD HB 192 TESTIMONY  
HOUSE FINANCE COMMITTEE**

Governor Murkowski is committed to enhancing Alaska's economy through resource development. He is equally committed to protecting Alaska's environment. A strong economy will generate the revenue base to continue funding our important regulatory and development projects. Without a strong economy we cannot hope to have a strong government.

I have been before this committee to speak on behalf of other governor's bills and have opened with that same message. It is a fundamental principle to this administration and bears repeating.

In any undertaking, be it your home, your office, a small business or a large complex organization like state government – critical path planning is fundamental; without it time is wasted. This bill, HB 192, is about critical path planning. It directs the Department of Natural Resources to lead and coordinate resource development projects. It directs the permitting agencies to sequence actions and requirements so time lines are met. Armed with sequenced and prioritized project plans we can insure that each of our own department's permitting requirements are met without delay.

The genesis of this bill goes back several years. The resource agencies came together to coordinate permitting issues on large mine projects. They discussed, planned and communicated, and found that the permitting process became more efficient. It was not only more efficient for the agencies; it was more productive for industry. Why? Because, we, the permitting agencies, identified our regulatory requirements in a systematic and sequenced manner insuring that the most critical needs and timelines for the project were established. Because we, DNR, Fish and Game and DEC had identified and articulated the critical points and times in our regulatory processes, industry understood its responsibilities and provided the needed information on time. Additionally by evaluating its regulatory responsibilities as a whole industry can gain what synergies are possible.

Critical path planning provides efficiencies for the departments as well. We hold joint meetings. We use staff resources efficiently. Industry provides information we can all use because we agreed, at the outset, on data standards acceptable to all.

The state's citizens benefit from this approach. In rural communities it is more difficult to track separate agency processes so when agencies hold joint public meetings concerned citizens are given the entire regulatory picture. Without critical path planning, public participation happens based in the public notice requirement of individual permits, which can be months even years apart depending on the project.

I have also talked with many of you about how we are reviewing our regulations and statutes to ensure they are meaningful and not a victim of mission creep. As part of that process, we are deleting 46.35 Permit Coordination and Extension. This statute was enacted in 1977. That same year the legislature established the Coastal Management Program, which became the permit coordinator. AS 46.35 has become a relict. However there is one small section of AS 46.35 that is being relocated. Sections 2 and 3 of this bill move the Department of Environmental Conservation's authority to use our appeals process to other sections of law. The DEC process is easier to use and well laid out in understandable regulations.

It is also important to understand what HB 192 does not do. HB 192 bill does not change the protective standards that the state has developed and fine-tuned over the last decade. It does not change the Department of Environmental Conservation's permitting requirements, its regulatory discretion, enforcement or appeal process. This bill simply insures critical path planning.

Commissioner Irwin Testimony  
HB 192, DNR Lead Agency  
House Finance  
April 25, 2003

Mr. Chairman, members of the Committee, my name is Tom Irwin. I am the Commissioner of the Department of Natural Resources. I'd like to introduce those who are with me today, Commissioner Ballard from DEC, Dick LeFebvre, DNR Deputy Commissioner, Cam Leonard from the Department of Law, on teleconference, Mary Siroky and Janet Burlison Baxter, DEC's and DNR's Legislative Liaisons. I appreciate the opportunity to testify in support of Senate Bill 142, An Act designating the Department of Natural Resources as lead agency for resource development projects.

The purpose of this bill is to help facilitate and expedite resource development in Alaska. This bill would specifically provide the Commissioner of the Department of Natural Resources with statutory authority under AS 38.05.020(b) to lead and coordinate all matters relating to the state's review and authorization of resource development projects.

As the state focuses more on development of its resources the department needs clear and explicit authority to carry out its role to lead and coordinate the state's review and authorization of resource development projects. Even though the department has and will continue to serve as lead for mining projects, the department's authority to serve as lead agency for other resource development projects is not as explicit. This bill will provide the necessary clarity as the state moves forward in the development of its resources.

The primary responsibility in the Department of Natural Resources for carrying out lead agency coordination functions will rest with the Office of Project Management and Permitting. This new Office within the department includes the project management function and the Alaska Coastal Zone Management program.

Large resource development projects, because of their scope and complexity, are more efficiently reviewed and authorized using a lead agency to coordinate and integrate, to the extent possible, the various permitting processes of the agencies involved using the project team approach. Smaller projects, normally less complex and requiring fewer permits, may benefit from lead agency coordination for review but may not require the establishment of a project team.

Resource development projects utilizing the lead coordinating agency and project review team approach will go through a three phase process. Phase I focuses on evaluating a proposed project to determine if the lead agency project team approach would best address the review and permitting needs of the project. Phase II results in establishment of the project team, development of an integrated agency review schedule, delineation of information requirements, and completion of any necessary agreements amongst the agencies and applicant. Phase III is the actual project review and authorization process,

including public participation, tailored specifically to the requirements for permitting the project

Additionally, we view this bill as assisting in our efforts to streamline project review and authorization. This bill will help to facilitate:

The state's ability to pull together agencies to address project specific concerns, and to facilitate and expedite the review and authorization process;

A more cohesive working relationship amongst agency representatives;

Better communication, more efficient permitting, consolidated public process where possible, and to assist in integrating the state's process with that of the federal agencies.

Speaking from personal experience, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over resource development projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to help alleviate that problem as this bill would authorize DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project

Thank you for the opportunity to provide our comments in support of this bill.

# STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FAX: (907) 465-3886

550 WEST 7<sup>TH</sup> AVENUE, SUITE 1400  
ANCHORAGE, ALASKA 99501-3650  
PHONE: (907) 269-8431  
FAX: (907) 269-8918

April 24, 2003

The Honorable John Harris  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 507  
Juneau, AK 99801

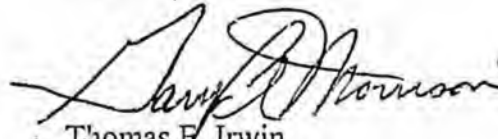
The Honorable Bill Williams  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 515  
Juneau, AK 99801

Dear Representative Harris and Williams:

Thank you for hearing HB 192, Department of Natural Resources (DNR) Lead Agency bill in House Finance on Friday. I have enclosed information for the Committee. This information includes the transmittal letter from the Governor, a sectional analysis from the Department of Law, and a brief explanation of DNR's goals for the legislation.

Again, thank you for your consideration. Please contact Janet Burleson Baxter at (907) 465-4730 if you have any questions. You may also contact Bill Jeffress, Director, Office of Project Management and Permitting at (907) 465-8800.

Sincerely,

  
for Thomas E. Irwin  
Commissioner

Enclosures

cc: Mike Tibbles, Legislative Liaison

*"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."*

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



HB192  
P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 11, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designating the Department of Natural Resources (DNR) as the lead state agency in the permitting of resource development projects in this state.

The purpose of this bill is to facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over large projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

This bill would authorize the DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project and would repeal existing statutes in AS 46.35 regarding permit coordination. The result of the DNR's efforts as lead agency will be better communication, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provisions necessitates the relocation of unrelated language, specific to Department of Environmental Conservation permit decisions, to more appropriate locations in AS 46.03 and AS 46.04, as set out in secs. 2 and 3 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

Handwritten signature of Frank H. Murkowski in black ink.  
Frank H. Murkowski  
Governor

## HB 192

### Sectional Analysis

8 April, 2003

#### Sec. 1 -

This section is simple and self-explanatory.

#### Sec. 2 & Sec. 3 -

These two sections preserve, rather than change, current law. One of the current statutes to be deleted under Sec. 4, AS 46.35.090, includes this same exemption of ADEC permit decisions from the APA hearing procedures. *See* AS 46.35.090 (e). Sections 3 and 4 of this bill simply transplant that provision to AS 46.03 and AS 46.04, respectively. Detailed procedures governing ADEC's hearings are set out at 18 AAC 15.195 *et seq.*

#### Sec. 4 -

This section repeals almost all of the current Environmental Procedures Coordination Act, AS 46.35. Enacted in 1977, that Act gave ADEC the role of coordinating the state's authorization of projects requiring multiple permits from different agencies. However, in practice, the Act has seen little or no use. This bill would repeal that Act to reflect that DNR, rather than DEC, should assume the lead agency role. This section also deletes two other provisions in existing law that reference AS 46.35.

Department of Natural Resources  
HB192, DNR Lead Agency for resource development projects  
House Finance Committee  
April 25, 2003

The purpose of the bill is to better facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are more agencies than ever with permitting authority over large resource development projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

The Department of Natural Resources (DNR) presently has statutory authority as lead agency for mining projects. The bill authorizes DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over all resource development projects and repeals existing statutes in AS 46.35 regarding permit coordination.

DNR will establish the Office of Project Management and Permitting to carry out its lead responsibilities. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies with authority over a project. The results of the DNR's efforts as lead agency will be better communication, better coordination among departments, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provision necessitates the relocation of unrelated language specific to the Department of Environmental Conservation permit decision to more appropriate locations in AS 46.03 and AS 46.04 as set out in Sections 2 and 3 of the bill.