

SB

142



# FISCAL NOTE

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

Fiscal Note Number: 1  
Bill Version: SB 142  
(S) 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:  X

**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

**FISCAL NOTE**

**STATE OF ALASKA  
2003 LEGISLATIVE SESSION**

**BILL NO. SB 142 FN #1**

**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: SB 142  
 (S) Publish Date: 4/14/03

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 Senate 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>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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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 3/31/03 11:28 AM  
 Approved by: Kurt Fredriksson, Deputy Commissioner Date 3/31/2003  
 Agency Department of Environmental Conservation

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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May 6, 2003

The Honorable Norman Rokeberg  
Chair, House Rules Committee  
Alaska State Legislature  
State Capitol, Room 214  
Juneau, AK 99801

Dear Representative Rokeberg:

I am writing to request a hearing as soon as possible for SB 142, the DNR Lead Agency bill. 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. The bill amends AS 38.05.020(b) to specifically allow the Department of Natural Resources (DNR) to lead and coordinate resource development projects.

DNR presently has statutory authority as lead agency for mining projects. This bill would authorize 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 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.

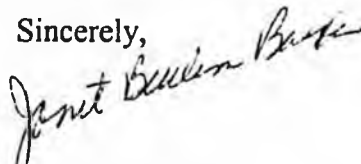
DNR will establish the Office of Project Management and Permitting to carry out its lead responsibilities. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The Governor's Budget contains funding to establish a project team consisting of five people in order to implement the project team concept on a broad basis.

This bill passed out of the Senate with 18 Yeas. The companion bill, HB 192, passed out of House Resources with five "do-pass" votes and 2 "no-recommendations." The bill passed out of House Finance with 8 "do pass" votes and 2 "no-recommendations." For you information, I have enclosed the Governor's Transmittal Letter, a Sectional Analysis of the bill and a brief summary.

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

Thank you for your consideration. Please contact Janet Burleson Baxter at (907) 465-4730 if have any questions. You may also contact Dick LeFebvre, our Deputy Commissioner at (907) 269-8432.

Sincerely,



Thomas E. Irwin  
Commissioner



Enclosures

Department of Natural Resources  
HB192/SB 142, DNR Lead Agency for resource development projects  
May 5, 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.

## SB 142, DNR Lead Agency Bill

- This bill facilitates and expedites resource development in Alaska.
- 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 agencies with jurisdiction over all resource development projects
- Provides a critical path for the applicant and agencies and allows agencies an opportunity to more effectively allocate limited time and resources.
- Voluntary on the part of the applicant.
- Creates a team approach so the applicant is aware of all permitting requirements upfront.
- DNR will create the Office of Project Management and Permitting to lead and coordinate all resource development projects.
- Provides for better communication, coordination, and integration of review and processing schedules where possible. Provides efficiency by allowing the agencies and the public to see the entire project as it moves through the review process.
- Repeals an obsolete statute, AS 46.35 the Environmental Procedures Coordination act AS 46.35. This statute was never implemented.
- Agencies retain their current statutes, regulations and appeal procedures for processing applications.

April 30, 2003

*From: Dept. of NATURAL  
Resources*

**SB142/ 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.

From: Dept of  
Natural Resources

# STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF THE COMMISSIONER

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May 8, 2003

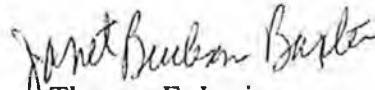
The Honorable Norman Rokeberg  
Chair, House Rules Committee  
Alaska State Legislature  
State Capitol, Room 214  
Juneau, AK 99801

Dear Representative Rokeberg:

Thank you for scheduling a House Rules Committee hearing for SB 142, designating DNR as lead agency. The Department of Natural Resources supports the original version of SB 142 which conforms to HB 192. For your consideration, I have enclosed a copy of my testimony to the Senate Resources Committee on April 30, 2003.

Again, thank you for your consideration. Please contact Janet Burleson Baxter at (907) 465-4730 if have any questions. You may also contact Dick LeFebvre, our Deputy Commissioner at (907) 269-8432.

Sincerely,



Thomas E. Irwin  
Commissioner

Enclosure

cc: Mike Tibbles, Legislative Liaison, Governor's Office  
Ernesta Ballard, Commissioner, Dept. of Environmental Conservation

Commissioner Irwin Testimony  
SB 142, DNR Lead Agency  
Senate Finance Committee  
April 30, 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, Deputy Commissioner Kurt Freddrickson from DEC, Dick LeFebvre, DNR Deputy Commissioner, Cam Leonard from the Department of Law, on teleconference, Mary Siroky and Janet Burleson 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. I clearly support the governor's priority to develop natural resources. This provides new wealth for Alaska. It provides hope for the future.

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, this bill will assist our efforts to streamline project review and authorization by facilitating:

- 1) The state's ability to pull together agencies to address project specific concerns, and to facilitate and expedite the review and authorization process;
- 2) A more cohesive working relationship amongst agency representatives--teamwork;
- 3) 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.

**Respectfully, I would also like to comment on the sunset amendment added in the Senate Resource Committee.**

- 1) The impression in the Committee was that this was a new concept—it is not. It has transcended two previous administrations.**
  
- 2) The message this administration wants to send to is that we are committed to move resource development forward. I feel the sunset clause sends the wrong message. It is not correct to say that we want companies to invest for 20 years, but we only support the lead agency concept for the first four years. The lead agency concept is a key component of team work and communication. It is also one of several pieces the administration is putting in place to promote efficient permitting. We want companies to feel comfortable to invest for the long term.**

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