

HB

398

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB398
 () Publish Date: 2/13/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title An Act relating to State Mineral Resource Rev./ RDU Taxation and Treasury
 Municipal Aid _____ Component Treasury Division
 Sponsor Representative Moses
 Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB398 creates a new account in the Department of Revenue, Treasury Division, called the state mineral lease assistance special revenue fund. The legislature may appropriate money from the fund to pay state aid to a municipality. There will not be any incremental management fees to manage these funds; hence, the zero fiscal note.

Prepared by: Susan M. Taylor, Comptroller Phone 907-465-2352
 Division Treasury Date/Time 2/13/2006; 11:55 am
 Approved by: Tom Boutin, Deputy Commissioner Date 2/13/2006; 1:05 pm
 Agency Department of Revenue

**Representative Carl E. Moses, House District 37
(907) 465-4451**

SPONSOR STATEMENT / SECTIONAL ANALYSIS

HB398 – State Mineral Lease Assistance Special Revenue Fund

The establishment of a State mineral lease assistance special revenue fund would aid municipalities that are incurring start-up expenses associated with natural resource development. The intent of the bill is to provide relief to municipalities for effects incurred in areas that have had little or no resource extraction activities within or close to their boundaries.

Any grants rewarded from the new fund would be used to counter effects within the municipality that are directly related to the new exploration or development activities.

BILL SECTION 1: Establishes the State mineral lease assistance special revenue fund as a separate fund in the general fund. Sets the rules for when the legislature could appropriate money from the fund to municipalities as well as the criteria for which municipalities would qualify. Grants are to be used to offset effects from exploration or development activities and proceeds may only be used for specific purposes. Limits grants to a municipality to five consecutive state fiscal years.

BILL SECTION 2: Establishes separate accounting for land application filing fees, licenses and license fees, lease fees, and other money received, except royalties, and deposits that money into the State mineral lease assistance special revenue fund.

BILL SECTION 3: Establishes the mineral receipts account in the general fund. Deposits to the account consist of ten percent of the revenue derived from Bill Section 2. Clarifies that the legislature may appropriate money deposited into the account for any other public purpose.

BILL SECTION 4: Sets the effective date at July 1, 2006.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 398
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title State Mineral Resource Rev/Municipal Aid RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Moses
 Requester Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	32.0	32.0	32.0	32.0	32.0	32.0
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual						
Supplies						
Equipment	2.0					
Land & Structures						
Grants & Claims	280.0	280.0	280.0	280.0	280.0	280.0
Miscellaneous						
TOTAL OPERATING	319.0	317.0	317.0	317.0	317.0	317.0

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	39.0	37.0	37.0	37.0	37.0	37.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Special Rev. Fund to be set up)	280.0	280.0	280.0	280.0	280.0	280.0
TOTAL	319.0	317.0	317.0	317.0	317.0	317.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	0.5	0.5	0.5	0.5	0.5	0.5
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a state mineral lease assistance special revenue fund and provides for the department to use these funds, and appropriations from other sources, to pay state aid to municipalities located in certain areas that are reasonably likely to be affected by exploration or development activities in the area.

The Division of Natural Resources anticipates about \$2.8 million to be generated by leases of which 10%, \$280.0 would be available for grants. No other appropriations are estimated. The division would need a .5 FTE Grants Administrator II to administer this program.

Prepared by: Mike Black, Director
 Division: Community Advocacy
 Approved by: William C. Noll, Commissioner
 Agency: Commerce, Community and Economic Development

Phone 907.269.4535
 Date/Time 2/13/06 4:44 PM
 Date 2/13/2006

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 398
 (j) Publish Date: _____

Revision Date/Time (Note if correction): 2/14/2006 at 7:45 am Dept. Affected: Commerce
 Title State Mineral Resource Rev/Municipal Aid RDU Comm Assist & Ec Dev (405)
 Component Community Advocacy
 Sponsor Moses
 Requester Community & Regional Affairs Component No. 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	32.0	32.0	32.0	32.0	32.0	32.0
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual						
Supplies						
Equipment	2.0					
Land & Structures						
Grants & Claims	1,994.3	1,994.3	1,994.3	1,994.3	1,994.3	1,994.3
Miscellaneous						
TOTAL OPERATING	2,033.3	2,031.3	2,031.3	2,031.3	2,031.3	2,031.3

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	39.0	37.0	37.0	37.0	37.0	37.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Special Rev. Fund to be set up)	1,994.3	1,994.3	1,994.3	1,994.3	1,994.3	1,994.3
TOTAL	2,033.3	2,031.3	2,031.3	2,031.3	2,031.3	2,031.3

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time	0.5	0.5	0.5	0.5	0.5	0.5
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes a state mineral lease assistance special revenue fund and provides for the department to use these funds, and appropriations from other sources, to pay state aid to municipalities located in certain areas that are reasonably likely to be affected by exploration or development activities in the area.

The Department of Natural Resources anticipates about \$1,994.3 would be available for grants. The division would need a .5 FTE Grants Administrator II to administer this program.

Prepared by: Mike Black, Director
 Division: Community Advocacy
 Approved by: William C. Noll, Commissioner
 Agency: Commerce, Community and Economic Development

Phone 907 269.4535
 Date/Time 2/14/06 7:44 AM
 Date 2/14/2006

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE

TO: HB 398

1 Page 3, line 23, following "activities":

2 Insert "and activities involving discovery and the right to prospect for and develop
3 minerals".

4

5 Page 3, line 24:

6 Delete "that are described in AS 38.05.035(a)(10)"

7 Insert "under this chapter that are identified in AS 37.05.535(b)"

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB398-DNR-CP&L-02-14
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title STATE MINERAL RESOURCE REV./ RDU Resource Development
MUNICIPAL AID Component Claims, Permits and Leases
 Sponsor Rep. Moses
 Requester (H) CRA Component No. 2460

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation adds revenues from licenses, license fees, lease fees, and other money received, except royalties, to the revenues for which must DNR account under AS 38.05.035(a)(10). The legislation also requires DNR to deposit ten percent (10%) of the revenue derived as fees, charges and miscellaneous receipts from the location, license, or lease activities on state land into a newly created Mineral Receipts Account.

For the purposes of this fiscal note it is assumed that the sources for the identified revenues are coal leases under AS 38.05.150, mineral leases under AS 38.05.145 and rights to deposits of minerals under AS 38.05.185 - 38.05.275, and do not include revenues from other types of surface estate leases under Title 38.

Prepared by: Dick Mylius, Acting Director Phone 269-8625
 Division: Mining, Land & Water Date/Time 2/13/2006
 Approved by: Michael Menge, Commissioner Date 2/14/2006
 Agency: Natural Resources

FISCAL NOTE

**STATE OF ALASKA
2006 LEGISLATIVE SESSION**

BILL NO. Natural Resources

ANALYSIS CONTINUATION

In FY05 the Division of Mining, Land & Water (ML&W) took in approximately \$2.8 million in fees, charges and miscellaneous receipts from the mineral location, license and lease activities on state land. Under this legislation 10% of that amount, or \$280,000, would have been deposited into mineral receipts account. This revenue stream is greatly dependent on metal prices which have fluctuated greatly in recent years. As ML&W cannot forecast future metals price and thus income from mining activities, for purposes of this fiscal note receipts are assumed to be level through FY12.