

# Alaska House of Representatives

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**Members:**  
Rep. Eric Feige  
Rep. David Guttenberg  
Rep. Craig Johnson  
Rep. Beth Kerttula  
Rep. Lance Pruitt  
Rep. Dan Saddler

## House Finance Subcommittee Department of Natural Resources

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### FY 2012 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT

#### SUBCOMMITTEE MEMBERS:

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Rep. Mia Costello, Chair  
Rep. Johnson  
Rep. Saddler

Rep. Feige  
Rep. Kerttula

Rep. Guttenberg  
Rep. Pruitt

#### RECOMMENDATIONS:

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The House Finance Budget Subcommittee for the Department of Natural Resources submits a recommended operating budget for FY2012 to the House Finance Committee as follows:

Unrestricted General Funds (UGF)	\$ 76,581.5	(dollars in thousands)
Designated General Funds (DGF)	25,647.3	
Other Funds	35,563.3	
Federal Funds	18,640.7	
<b>Total</b>	<b>\$ 156,432.8</b>	

#### BUDGET ACTION:

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The House Finance Budget Subcommittee for the Department of Natural Resources held 8 meetings with the Department and analyzed all of the Governor's budget transactions. The following are budget action highlights:

- The Subcommittee recommends authorizing \$147.0 less general funds and 3 more full-time positions than the Governor's Amended FY2012 request.
- The Subcommittee recommends a total increase from the FY2012 Adjusted Base of \$10,020.6 UGF and a total decrease of \$55.5 DGF for a total General Fund change of \$9,965.1. The change from Adjusted Base in Other Funds is \$435.1 and from Federal Funds is \$(415.1). The total change from Adjusted Base is \$9,985.1 and 9 full-time positions.

## Accepted

1. Resource Development - Mining and Land Development: Public Land Stewardship including Mine Permitting, Compliance and Assessment; 802.0 GF

This increment (among others) was requested for the purpose of addressing a serious permit application processing backlog. To that end this increment funds five existing vacant positions for permit application processing and other related management purposes. The Subcommittee sees development of state lands as not only constitutionally mandated but also necessary for Alaska's future economic growth. As the backlog primarily affects the smaller-scale operations that provide the seeds for sustained future economic growth, the Subcommittee sees the support of these functions of the Department as being of high importance. The Subcommittee also intends to evaluate the Department's progress in future budget cycles, with continued funding being held contingent upon progress being made with respect to the resolution of the backlog.

2. Resource Development - Land Acquisition & Title Defense: Oversight of Federal Land Transfers including Native Allotments, ANCSA Conveyances, and Survey Reviews; 671.0 GF

This increment funds four existing vacant positions to rectify delays in the handling of land allotments. The Subcommittee intends for the Susitna Hydroelectric project to be given priority consideration when seeking land conveyances from the federal government to the state.

3. Resource Development - Land Sales & Municipal Entitlements: Land Sales and Municipal Entitlements Staff Funding for Southeast AK Region; 105.0 State Land

This increment funds one existing vacant position dedicated to the adjudication of municipal entitlements in Southeast Alaska. It is expected that by funding this position, the legislature will better provide for the constitutional requirement to administer the state public domain and ameliorate the conditions that have led to serious backlogs and complaints.

4. Resource Development - Mining and Land Development: Litigation Support to Defend Permitting Process on State Lands; 500.0 GF

This increment provides increased funding for litigation defense of the state's permitting and land planning procedures, particularly with respect to Pebble Mine.

5. Resource Development - Mental Health Trust Lands Administration: MH Trust: Cont - Grant 129.09 Trust Land Office Admin Budget; 443.9 MHTAAR

This increment primarily funds personal and contractual services increases, and has been approved by the Mental Health Trust.

6. Resource Development - Gas Pipeline Implementation: AGIA Coordinator's Office Staff and Capacity; 1,290.0 GF

This increment and the one following reflect a continuation of funding for the functions carried out by the AGIA Coordinator's Office. It is the opinion of the Subcommittee that the budget for the AGIA Coordinator's Office is more properly housed in the Office of the Governor as provided under AS 43.90.250 rather than under the Department of Natural Resources; the Subcommittee intends to bring this issue before the House Finance Committee for consideration.

7. Resource Development - Gas Pipeline Implementation: AGIA Contractors/Consultants; 1,150.0 GF

### **Modified**

1. Resource Development - North Latitude Plant Material Center: Continuation of Certified Seed Potato Program; 200.0 GF

It is the intent of the Subcommittee to restrain the growth of programs where possible. As this program provides significant positive benefits to the state, the Subcommittee determined that continuation of this funding was appropriate but at a level of funding lower than the Governor's request. The Subcommittee elected to fund this request at 50% of the requested amount, or at 100.0 GF.

### **Denied**

1. Resource Development - Mining and Land Development: Guide Concession Area Program; 120.0 GF

It is the intent of the Subcommittee to minimize/restrain the growth of programs where possible.

### **AMENDMENT ACTION:**

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The House Finance Budget Subcommittee for the Department of Natural Resources also analyzed the Governor's budget amendments submitted by February 16, 2011, and took the following action:

### **Accepted**

1. Resource Development - Mining and Land Development: Improve Efficiency of Land and Water Use Application Process; 1,421.1 GF

This amendment provides additional funding to support the Department's efforts to ameliorate the permitting backlog problem referenced elsewhere in this report.

2. Statewide Fire Suppression - Fire Suppression Preparedness: Wildland Fire Academy; 390.0

This increment increases funding for a program to train local firefighters in rural areas to become part of the state's wildfire fighting forces. As such, this program provides both educational and economic benefits to the state's rural communities.

#### **ITEMS OF INTEREST:**

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The House Finance Budget Subcommittee for the Department of Natural Resources has analyzed a number of the core services of the Department of Natural Resources and found their provision to be less than satisfactory. The Subcommittee particularly considers the permit application processing backlog (amounting to approximately 2,500 permit applications still requiring action as of the start of FY2011) to be a very serious problem which delays development and impedes economic growth in the state. Accordingly the Subcommittee considers the resolution of this issue to be of great importance. The Subcommittee has therefore sought to provide the Department of Natural Resources with the resources necessary to make progress in resolving this issue, while also taking steps to ensure that progress is in fact made. To that end, the Subcommittee has sought and received from the Department a plan outlining the sources of the backlog problem, the steps the Department will take to address the problem, and benchmarks for evaluating progress. It is the intention of the Subcommittee to take this issue up again in the FY2013 budget cycle for purposes of evaluation and determination of continuing funding.

The House Finance Budget Subcommittee for the Department of Natural Resources has also considered the appropriation and allocation structure for the Department and determined it to impede the Subcommittee's ability to provide proper oversight over the Department's funding and expenditures. To address this problem, the Subcommittee has reorganized the Department's budget structure to enhance its clarity and simplicity while maintaining expenditure flexibility within the Department. The Subcommittee appreciates the willingness of the Department's staff in assisting this process.

The House Finance Budget Subcommittee for the Department of Natural Resources considers the AGIA Coordinator's Office to be an office providing services that are of very great importance to the state. The Subcommittee accordingly considers that the ACO would be better located in the Office of the Governor, as provided for under AS 43.90.250.

**SUBCOMMITTEE AMENDMENT ACTION:**

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The House Finance Budget Subcommittee for the Department of Natural Resources in the closeout meeting of February 24<sup>th</sup>, 2011 adopted Amendment 1, sponsored by Reps. Costello and Saddler, providing \$498.7 GF to the Mental Health Trust Authority to fund 3 FTEs in MHTA's Land Trust Office in accordance with a planned reorganization.

**ATTACHED REPORTS:**

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The House Finance Budget Subcommittee for the Department of Natural Resources adopts the attached reports:

Subcommittee generated reports

Budget Action Worksheet

Legislative Finance Division Reports (Numbers Only) – House Structure

1. Agency Totals – FY2012 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between ADJ Base and H Subcomm
5. Transaction Comparison between Gov Amd and H Subcomm
6. Wordage Report – FY2012 Operating Budget



Representative Mia Costello, Chair

House Finance Budget Subcommittee for the Department of Natural Resources

February 25, 2011