

AP/AL: Appropriation **Project Type:** Life / Health / Safety
Category: Development **Recipient:** Various
Location: North Slope Borough **House District:** Arctic (HD 40)
Impact House District: Arctic (HD 40) **Contact:** Micaela Fowler
Estimated Project Dates: 07/01/2020 - 06/30/2025 **Contact Phone:** (907)465-2506

Brief Summary and Statement of Need:

This request amends the original Governor's FY2021 capital budget request by reducing it by \$1,800,000 for a new requested total of \$11,300,000. This change is due to an updated revenue estimate. The National Petroleum Reserve - Alaska (NPR-A) program provides grants to communities for public facilities and services. Priority is given to those communities directly or severely impacted by the leases and development of oil and gas within the NPR-A. Funding comes from the federal government as a share of the funds received on leases issued within NPR-A. The project total is a placeholder amount based on an estimate for FY2020 revenues. A grant list will be finalized and submitted to the legislature.

Funding:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
1063 NPR Fund	\$11,300,000						\$11,300,000
Total:	\$11,300,000	\$0	\$0	\$0	\$0	\$0	\$11,300,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

Sec12(a) Ch3 SLA2019 P21 L23 SB19 \$24,983,219
 Sec12(b) Ch3 SLA2019 P23 L23 SB19 \$6,428,714
 Sec19 Ch19 SLA2018 P29 L13 SB142 \$11,611,722
 Sec9 Ch1 SLA2017 P15 L29 SB23 \$1,378,346
 Sec14 Ch2 SLA2016 P34 L11 SB138 \$3,240,310
 Sec24 Ch38 SLA2015 P38 L14 SB26 \$3,502,626
 Sec29 Ch18 SLA2014 P112 L26 SB119 \$4,005,621
 Sec24 Ch16 SLA2013 P125 L18 SB18 \$3,876,868
 Sec18 Ch17 SLA2012 P176 L4 SB160 \$4,896,872

Approved for grant under National Petroleum Reserve-Alaska Impact Grant Program under AS 37.05.530(a).

Project Description/Justification:

Amend * **Sec. 10. NATIONAL PETROLEUM RESERVE - ALASKA IMPACT GRANT PROGRAM.** by adding a new subsection as follows:

(a) The amount received by the National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530(a)) under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 by August 31, 2020, estimated to be [\$13,100,000]**11,300,000**, is appropriated from that fund to the Department of Commerce, Community, and Economic Development for capital project grants under the National Petroleum Reserve - Alaska impact grant program.

(b) The unexpended and unobligated balance of the National Petroleum Reserve – Alaska special revenue fund on June 30, 2021 is appropriated to that fund for the purpose of making capital project grants under the National Petroleum Reserve - Alaska impact grant program.

As authorized December 12, 1980, by 42 USC Chapter 78, Sections 6501-6508, the federal government, through the US Department of the Interior, Bureau of Land Management (BLM) manages and allows the exploration and development of oil and gas within the NPR-A. In accordance with 42 USC § 6508, 50 percent of the money received by the federal government from the “sales, rentals, bonuses, and royalties on leases issued . . .” within the NPR-A is paid to the State of Alaska.

As required by AS 37.05.530, regulations (3 AAC 150.010 – 150.090) were adopted establishing the NPR-A Impact program which allow municipalities impacted by oil and gas development in the NPR-A to apply for grant assistance to alleviate the impact. Grant applications are considered in accordance with:

- AS 37.05.530(c), participation is limited to municipalities.
- AS 37.05.530(c), (d), and (e), municipalities must demonstrate present impact or the need to determine or plan for future impact.
- AS 37.05.530(c), priority is given to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development.
- AS 37.05.530(e), municipalities may use the funds to alleviate the impact of the oil and gas development only for the following activities and services: (1) planning; (2) construction, maintenance, and operation of essential public facilities by the municipality; and (3) other necessary public services provided by the municipality.
- AS 37.05.530(f), funds may not be used for the retirement of municipal debt.
- 3 AAC 150.050(c), impact is defined as an effect reasonably attributable to NPR-A oil and gas activities under 42 USC § 6508 on (1) population; (2) employment; (3) finances; (4) social and cultural values; (5) air and water quality; (6) fish and wildlife habitats; (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and (8) other things of demonstrable importance to the applicant or the applicant's residents.

Alaska Statute (AS) 37.05.530(g) states that NPR-A funds received that are not appropriated for the NPR-A Impact program are deposited as follows:(1) 25 percent to the principal of the Alaska

National Petroleum Reserve - Alaska Impact Grant Program FY2021 Request: **\$11,300,000**
Reference No: **AMD 38948**

Permanent Fund; (2) .5 percent to the Public School Trust Fund (AS 37.14.110); and (3) the remaining amount may be appropriated to the Power Cost Equalization and Rural Electric Capitalization Fund (AS 42.45.100).