



State of Alaska

Department of Public Safety

Sean Parnell, Governor
Joseph A. Masters, Commissioner

February 23, 2011

Representative Kurt Olson
Chair, House Labor & Commerce
State Capitol Building, Rm. 24
Juneau, AK 99801

Re: HB 125 – Alcoholic Beverage Control Board

Dear Rep. Olson,

You have asked for an explanation of the fiscal notes on HB 125, "An Act moving the Alcoholic Beverage Control Board..." (The ABC Board)

As you probably know, the Division of Legislative Finance is automating the fiscal note process this year to provide improved error checking on the initial fiscal note submission. Legislative Finance is working with the Governor's Legislative Office and Office of Management and Budget (OMB) on this process.

The initial fiscal note submitted by the Department of Public Safety (DPS), dated 2/8/2011, showed an appropriation required in FY2012 of 429.8, and showed an increase of 74.7 in FY2013 through FY2017. Although those were the amounts shown on the "Expenditures/Revenues" section of the fiscal note, the "Analysis" explained that those were costs that the ABC Board expected to incur if they are relocated to the Department of Commerce, Community, and Economic Development (DCCED). As noted in the analysis, the bulk of that increase was based on an estimate provided by DCCED. There was no increase of any kind that would have gone to DPS under any circumstance.

We prepared that fiscal note based on advice from OMB about the proper form for the fiscal note. In particular, it was OMB's understanding that, for the new fiscal note process, both DPS and DCCED fiscal notes needed to reflect the increased costs even though only DCCED would actually have any need for additional funding.

After that fiscal note was submitted, I contacted the Legislative Fiscal Analyst and questioned why DPS would have a positive fiscal note when we should simply have had a negative fiscal note reflecting the ABC Board leaving DPS. In the ensuing conversations between all parties, it was determined that there had been a misunderstanding of how the DPS fiscal note should have been shown.

DPS then submitted a corrected fiscal note, dated 2/15/2011, which accurately reflects the impact to DPS if HB 125 passes in its current form, namely that all costs and staff associated with the ABC Board will be transferred from DPS to DCCED. So, as the fiscal note now reflects, there is a negative fiscal impact to DPS because those costs will no longer be reflected in the DPS budget.

I apologize for any confusion that may have resulted from this process.

It is my understanding that staff at OMB has discussed this situation with staff to Representative Hawker.

I am not able to discuss any aspect of the DCCED fiscal notes. I am sure they will explain any changes to their fiscal notes.

Please feel free to call me at 465-5488 if I can answer any questions

Sincerely



Dan Spencer
Director of Administrative Services
Department of Public Safety