



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Administrative Services

*Sean Parnell, Governor
Susan K. Bell, Commissioner
JoEllen Hanrahan, Director*

February 24, 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...” (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. Ultimately, this new system and the coordination between government branches and agencies will result in an improved process.

Everyone is working diligently to provide credible information, however there has been a learning curve with new forms, processes, and varying instructions. There is also a very short turn-around time required on fiscal notes. This has contributed to some misunderstanding and confusion in the preparation of those fiscal notes.

Without belaboring the details on various versions of the HB 125 fiscal notes, I would like to clarify that the DCCED and DPS fiscal notes now reflect the negative fiscal impact to DPS and the positive fiscal impact to DCCED in alignment with the Governor’s FY12 proposed budget for the ABC Board. In addition, the DCCED fiscal notes include an increased cost of \$247.5 for FY12 and \$39.8 for subsequent years. This increase provides for one-time information technology costs for moving the ABC Board database systems to DCCED, and it covers the ABC Board’s share of DCCED’s cost allocation plan for administrative support for FY12 and subsequent years.

The one-time increase for information technology was arrived at based on discussions between DCCED's and DPS's technical and security staff. Database applications are hardware and software sensitive and are configured to work with the various components housed in the underlying support environment. Differences were identified between DCCED's and DPS's security and Active Directory environments. These differences will require a significant level of work to allow the ABC Board's applications to integrate and function within DCCED's environment.

In addition to prior misunderstandings on fiscal note protocol, the shared information between departments enhanced our understanding of the differences in the DPS and DCCED technical environments and contributed to subsequent changes in the fiscal note amounts.

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

If you have any further questions, please feel free to contact me at 465-2506.

Sincerely



JoEllen Hanrahan
Director of Administrative Services
Department of Commerce, Community and Economic Development