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Governor Mike Dunleavy
STATE OF ALASKA

February 8, 2024

The Honorable Gary Stevens
Senate President
Alaska State Legislature
Capitol Building, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill which eliminates the costs associated with professional discipline and unlicensed practice investigations from the calculation of annual professional licensing fees. This bill will make the investigation and legal costs associated with these cases overhead costs for the Division of Corporations, Business, and Professional Licensing (CBPL).

Under current law, CBPL is required to assess a number of fees against individuals seeking professional licensing, including fees for investigative costs. Pursuant to statute, investigatory costs are distributed essentially *pro rata* across all members of a particular profession. This *pro rata* distribution creates an uncertain fee environment where fees fluctuate on a regular basis depending on the profession's investigatory burden. This bill amends the professional licensing statutes to remove the requirement that licensees pay investigation fees.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "mike dunleavy".

Mike Dunleavy
Governor

Enclosure

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to occupational licensing fees; and providing for an effective date."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 08.01.065(a) is amended to read:

4 (a) Except for business licenses, the department shall adopt regulations that
5 establish the amount and manner of payment of application fees, examination fees,
6 license fees, registration fees, permit fees, [INVESTIGATION FEES,] and all other
7 fees as appropriate for the occupations covered by this chapter.

8 * **Sec. 2.** AS 08.01.065(c) is amended to read:

9 (c) Except as provided in (f) - (k) of this section, the department shall establish
10 fee levels under (a) of this section so that the total amount of fees collected for an
11 occupation approximately equals the actual regulatory costs for the occupation. The
12 department shall annually review each fee level to determine whether the regulatory
13 costs of each occupation are approximately equal to fee collections related to that
14 occupation. If the review indicates that an occupation's fee collections and regulatory
15 costs are not approximately equal, the department shall calculate fee adjustments and

1 adopt regulations under (a) of this section to implement the adjustments. In January of
 2 each year, the department shall report on all fee levels and revisions for the previous
 3 year under this subsection to the office of management and budget. If a board
 4 regulates an occupation covered by this chapter, the department shall consider the
 5 board's recommendations concerning the occupation's fee levels and regulatory costs
 6 before revising fee schedules to comply with this subsection. [IN THIS
 7 SUBSECTION, "REGULATORY COSTS" MEANS COSTS OF THE
 8 DEPARTMENT THAT ARE ATTRIBUTABLE TO REGULATION OF AN
 9 OCCUPATION PLUS

10 (1) ALL EXPENSES OF THE BOARD THAT REGULATES THE
 11 OCCUPATION IF THE BOARD REGULATES ONLY ONE OCCUPATION;

12 (2) THE EXPENSES OF A BOARD THAT ARE ATTRIBUTABLE
 13 TO THE OCCUPATION IF THE BOARD REGULATES MORE THAN ONE
 14 OCCUPATION.]

15 * **Sec. 3.** AS 08.01.065 is amended by adding a new subsection to read:

16 (1) In this section, "regulatory costs" means costs of the department that are
 17 attributable to regulation of an occupation, including all expenses of a board that
 18 regulates the occupation if the board regulates only one occupation or the expenses of
 19 a board that are attributable to the occupation if the board regulates more than one
 20 occupation. In this section, "regulatory costs" does not include costs attributable to
 21 disciplinary investigations and actions involving a person engaged in an unlicensed
 22 practice or legal and actual costs associated with complaints, hearings, mediation, and
 23 settlement.

24 * **Sec. 4.** AS 08.13.185(b) is amended to read:

25 (b) The department shall set fees under AS 08.01.065 for examination [AND
 26 INVESTIGATION].

27 * **Sec. 5.** AS 08.61.090 is amended to read:

28 **Sec. 08.61.090. Fees.** The department shall set fees under AS 08.01.065 for
 29 application, license issuance, and license renewal [, AND INVESTIGATION] under
 30 this chapter.

31 * **Sec. 6.** AS 08.62.040(a) is amended to read:

(a) The board shall

(1) provide for the maintenance of efficient and competent pilotage service on the inland and coastal water of and adjacent to the state to assure the protection of shipping, the safety of human life and property, and the protection of the marine environment;

(2) consistent with the law, adopt regulations, subject to AS 44.62 (Administrative Procedure Act), establishing the qualifications of and required training for pilots and providing for the examination of pilots and the issuance of original or renewal pilot licenses to qualified persons;

(3) keep a register of licensed pilots, licensed deputy pilots, and agents;

(4) adopt regulations establishing

(A) pilotage regions in the state;

(B) the criteria for concurring in the amount of license, application, training, [INVESTIGATION,] and audit fees proposed by the department under AS 08.01.065;

(C) the criteria for recognizing pilot organizations under AS 08.62.175;

(5) make available, upon request, copies of this chapter and the regulations adopted under this chapter;

(6) review and approve the articles, bylaws, and rules of pilot organizations;

(7) audit a pilot organization or an individual pilot as necessary to implement and enforce this chapter;

(8) review and approve training programs conducted by pilot organizations; the board shall cooperate with the Department of Environmental Conservation in the review and approval of training programs for pilots of tank vessels;

(9) establish and publish the dates of future license examinations; and

(10) approve or disapprove rates for pilotage services as provided under AS 08.62.046.

* Sec. 7. AS 08.62.140(a) is amended to read:

(a) The department shall set fees under AS 08.01.065 for applications, es, agent registrations, [INVESTIGATIONS,] audits, and training.

* **Sec. 8.** AS 08.70.150 is amended to read:

Sec. 08.70.150. Fees. The department shall set fees under AS 08.01.065 for examination and evaluation [INVESTIGATION] of persons applying for a license, initial license, and license renewal.

* **Sec. 9.** AS 08.80.160 is amended to read:

Sec. 08.80.160. Fees. The Department of Commerce, Community, and Economic Development shall set fees under AS 08.01.065 for the following:

- (1) examination;
- (2) reexamination;
- (3) evaluation [INVESTIGATION] for licensing by license transfer;
- (4) pharmacist license;
- (5) temporary license;
- (6) pharmacy technician license;
- (7) pharmacy intern license;
- (8) emergency permit;
- (9) license amendment or replacement;
- (10) licensure of a facility classified under AS 08.80.157(b).

* Sec. 10. AS 08.98.190 is amended to read:

Sec. 08.98.190. Fees. The department shall set fees under AS 08.01.065 for the following:

- (1) application;
- (2) examination;
- (3) **evaluation** [INVESTIGATION] of credentials;
- (4) license;
- (5) license renewal;
- (6) temporary license;
- (7) temporary permit.

* Sec. 11. This Act takes effect July 1, 2024.

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: GB 86
Fiscal Note Number:
() Publish Date:

Identifier: LL0366-DCCED-CBPL-02-07-24
Title: CBPL INVESTIGATION COSTS
Sponsor: RULES BY REQUEST OF THE GOVERNOR
Requester: GOVERNOR

Department: Department of Commerce, Community and Economic Development
Appropriation: Corporations, Business and Professional Licensing
Allocation: Corporations, Business and Professional Licensing
OMB Component Number: 2360

Expenditures/Revenues

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

(Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
			FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
OPERATING EXPENDITURES	FY 2025	FY 2025					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	4,724.0		4,724.0	4,724.0	4,724.0	4,724.0	4,724.0
1156 Rcpt Svcs (DGF)		(4,724.0)		(4,724.0)	(4,724.0)	(4,724.0)	(4,724.0)
Total		0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1156 Rcpt Svcs (DGF)	(4,724.0)		(4,724.0)	(4,724.0)	(4,724.0)	(4,724.0)	(4,724.0)
Total	(4,724.0)	0.0	(4,724.0)	(4,724.0)	(4,724.0)	(4,724.0)	(4,724.0)

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No

(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Sylvan Robb, Division Director
Division: Division of Corporations, Business, and Professional Licensing
Approved By: Hannah Lager, Administrative Services Director
Agency: Commerce, Community, and Economic Development

Phone: (907)465-2524
Date: 02/04/2024 02:30 PM
Date: 02/07/24

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. LL0366

Analysis

This bill removes investigation costs from the regulatory costs that must be covered by the professional licensing fees set by the department under AS 08.01.065. This would shift the fund source for CBPL's investigations, legal, and hearing costs for professional licensing from 1156 Receipt Supported Services to 1005 General Fund Program Receipts from corporations receipts. This bill does not change the body of investigative work currently performed by the division, only how that work is funded. The division does not anticipate additional costs above the current cost of investigations in the division, and no additional positions are required as a result of this bill.

Investigative costs related to professional licensing programs can vary dramatically from year-to-year, which has resulted in volatility in licensing fees. This bill removes annual investigative costs from the statutory fee setting methodology which will resolve much of the experienced volatility and reduce fees for licensed professionals. As a result, the division projects a reduction in collections in 1156 Receipt Supported Services.

As a result of this bill, the division will change the funding source for 26 positions and the associated legal costs from 1156 Receipt Supported Services to 1005 General Fund Program Receipts from corporations receipts. Additional expenditure authority is not required as there is no change in costs, only a change in fund source. In FY2023 the division collected over \$6.7 million more in 1005 General Fund Program Receipts than was necessary to fund program administration.

If this bill is enacted, the funding source for the following expenditures will change from 1156 to 1005:

Personal Services:	\$3,224.0	Budgeted costs for investigators, paralegals, and associated administrative support staff after a four percent vacancy rate is applied
Travel:	\$ 20.0	Travel costs (based on FY2023 Actuals)
Services:	\$ 610.0	Legal costs for investigations (based on FY2023 Actuals)
	\$ 175.0	Hearing and mediation costs (based on FY2023 Actuals)
	\$ 45.0	Expert witness costs (based on FY2022 Actuals as FY2023 was unusually low)
	\$ 650.0	Statewide and department core services costs (\$25.0 / position / year)

Professional licensing programs within the Division of Corporations, Business, and Professional Licensing are funded by Receipt Supported Services – fund source 1156 Rcpt Svcs (DGF). Licensing fees for each occupation are set per AS 08.01.065. The total amount of revenue collected approximately equals each occupation's actual regulatory costs.

Business licensing and corporations activities are funded by General Fund Program Receipts – fund source 1005 GFPR (DGF) from corporations and business licensing receipts. Revenue in excess of authorized budgeted expenses is deposited into the General Fund.