

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	SB 225
Fiscal Note Number:	1
(S) Publish Date:	2/12/2024

Identifier: LL0366-DCCED-CBPL-02-07-24
Title: OCCUPATIONAL LICENSING FEES
Sponsor: RLS 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							
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)	(4,724.0)
Total	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If yes, by what date are the regulations to be adopted, amended or repealed?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	Phone:	(907)465-2524
Division:	Division of Corporations, Business, and Professional Licensing	Date:	02/04/2024 02:30 PM
Approved By:	Hannah Lager, Administrative Services Director	Date:	02/07/24
Agency:	Commerce, Community, and Economic Development		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

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.