

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 170
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB170CS(RES)-DNR-GGS-3-11-2016
Title: DNR FEES FOR GEOLOGICAL SERVICES
Sponsor: GIESSEL
Requester: Senate Finance

Department: Department of Natural Resources
Appropriation: Fire Suppression, Land & Water Resources
Allocation: Geological & Geophysical Surveys
OMB Component Number: 1031

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
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	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues	85.0		200.0	275.0	350.0	425.0	485.0
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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? **yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **02/01/17**

Why this fiscal note differs from previous version:

Revised to include revenue estimates.

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Division: <u>Division of Geological & Geophysical Surveys</u>	Date: <u>03/11/2016 12:00 AM</u>
Approved By: <u>Marty Rutherford, Acting Commissioner</u>	Date: <u>03/11/16</u>
Agency: <u>Department of Natural Resources</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB 170 (RES)

Analysis

This bill modifies statute **AS 41.08.030 Printing and Distribution of Reports**, and includes a new section **AS 41.08.045 Fees for facilities, equipment, products and services** to the statutes governing the Division of Geological & Geophysical Surveys (DGGGS). This revision and new section provide the division authority to charge fees for products and services provided by the division at the new Geological Material Center (GMC) in Anchorage.

The new center is a greatly improved, expanded, and upgraded facility when compared to the old location in Eagle River. Expectedly, operating and maintenance costs associated with this state-of-the-art facility have substantially increased, and providing a sustainable funding mechanism for the facility through charging for services has been planned since the project's conceptual design.

It is DNR's objective to ultimately place the GMC into the public building fund (PBF) managed by the Department of Administration. Current funding is adequate to operate the facility, but is insufficient to allow the facility to enter the PBF. Entering the PBF is advantageous, as it provides the capital for stable long-term operation, maintenance, and upgrades to the facility. Staying outside the PBF exposes the state to unforeseen costly maintenance projects, such as a roof replacement, additional shelving, or other necessary improvements. By initiating fees at the GMC, DGGGS is being proactive to ultimately make the facility primarily user-funded.

The most recent estimate from the Department of Administration is \$400.0 to allow the facility to enter the PBF. Based on visitation rates and our draft fee schedule, receipts are estimated to be between \$150.0 and \$300.0 over the next several years. Over the next decade we will be steadily increasing the amount of seismic geophysical data available from the facility, which will steadily increase revenue. Coupled with increased use of the facility, the expanding collection, and increased range of services offered, we project that over a five year time frame revenues will increase to the level required to enter the PBF. At that time the department will request general fund program receipt authority. Until revenues reach that level, any revenue above the divisions receipt authority will be deposited into the general fund.

Fees will be adopted through the regulatory process. This process generally takes six to nine months to allow for legal review and public comment. As this process will result in revenue generation for the division, there is internal pressure to complete the regulatory process as soon as possible to begin revenue receipt.