

FISCAL NOTE

STATE OF ALASKA
2020 LEGISLATIVE SESSION

DRAFT

Bill Version CSHB74
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB074CS(STA)-DEC-WIF-02-10-20 Dept. Affected Environmental Conservation
Title REPEAL IND. OCEAN POLLUTION MONITORS/FEE Appropriation Water
Allocation Water Quality, Infrastructure Support and Financial
Sponsor Rules by Request of the Governor
Requester House State Affairs Committee OMB Component Number 3204

Expenditures/Revenues (Thousands of Dollars)

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

	FY2021	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2021 Request	FY2022	FY2023	FY2024	FY2025	FY2026
OPERATING EXPENDITURES	FY2021	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Personal Services	510.6		510.6	510.6	510.6	510.6	510.6
Travel	92.5		75.0	75.0	75.0	75.0	75.0
Services	663.1		648.6	648.6	648.6	648.6	648.6
Commodities	32.0		2.0	2.0	2.0	2.0	2.0
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	1,298.2	0.0	1,236.2	1,236.2	1,236.2	1,236.2	1,236.2

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1166	Vessel Com (Other)	1,298.2		1,236.2	1,236.2	1,236.2	1,236.2	1,236.2
1007	I/A Rcpts (Other)							
1037	GF/MH (UGF)							
		1,298.2	0.0	1,236.2	1,236.2	1,236.2	1,236.2	1,236.2

POSITIONS							
Full-time		4		4	4	4	4
Part-time							
Temporary							

CHANGE IN REVENUES		FY2021	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
1166	Vessel Com (Other)	5,718.4		5,718.4	5,718.4	5,718.4	5,718.4	5,718.4
1205	Ocn Ranger (Other)	(5,658.4)		(5,658.4)	(5,658.4)	(5,658.4)	(5,658.4)	(5,658.4)
TOTAL CHANGE IN REVENUES		60.0	0.0	60.0	60.0	60.0	60.0	60.0

Estimated SUPPLEMENTAL (FY2020) operating costs 900.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2021) costs 0.0 (separate capital appropriation required)

Does the bill create or modify a fund or account? Yes
(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? Yes
If yes, by what date are the regulations to be adopted, amended, or repealed? 1/1/2021 Discuss details in analysis section.

Why this fiscal note differs from previous version/comments (if initial version, please note as such)

This reflects the changes of the current draft committee substitute, which enhances the Department's existing cruise ship program rather than simply repealing the Ocean Ranger statutes.

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Agency Department of Environmental Conservation

Phone 907-465-5009
Date/Time 2/10/20 12:00 AM
Date 2/10/2020

FISCAL NOTE ANALYSIS

STATE OF ALASKA
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BILL NO. CSHB74

Analysis

This bill replaces existing statutes that limit the Department of Environmental Conservation's ability to effectively and efficiently regulate the environmental impact of commercial passenger vessels in Alaska waters. The bill clarifies responsibilities of the Department and aligns the regulation of commercial passenger vessels with how the Department regulates all other major industries in Alaska. Specifically, the bill repeals the "ocean ranger" program and strengthens the inspection and enforcement authority of Department compliance assurance staff.

This bill also establishes a simplified environmental compliance fee of \$5 per berth per voyage on all commercial passenger vessels operating in Alaska waters. This replaces both the \$4 ocean ranger fee and the tiered environmental compliance fees. The fee would be reduced by \$1 for vessels using electronic monitoring systems. These fee changes would not go into effect until January 1, 2021.

The bill would allow the Department to establish a grant or loan program with revenues from the Commercial Passenger Vessel Environmental Compliance Fund to support improvements to shore-based wastewater treatment facilities serving visiting cruise ship passengers. The Department would plan to develop this program in FY2021, and request capital appropriations as early as FY2022 to begin making grants and/or loans.

While this fiscal note shows an increment in FY2021 over FY2020 expenditures, it is important to note that this is because funding was not appropriated for the ocean rangers program in FY2020. This program does not increase expenditures for cruise ship environmental compliance when compared to the FY2019 appropriation.

Personal Services:

Two new Environmental Program Specialist positions and two Engineers would be required in Juneau to assist with increased monitoring and compliance inspections of commercial passenger vessels.

Travel:

Approximately 45 in-state trips would be required for inspectors to travel to various port cities to inspect vessels while in port or underway. An additional ten out-of-state trips would be required in the first year to train Department staff in commercial passenger vessel inspection, with two to three trips for training in the out years as staff turnover.

Services:

A reimbursable services agreement with the Department of Law for regulation revisions at the current rate of \$169/hour will cost an estimated \$10.0 in the first year. The Department anticipates a contract estimated at \$600.0 for annual initial inspections to be performed on each vessel within the first month of entering Alaskan waters, estimated to be approximately 62 vessels. The contract is necessary since the Department does not have enough personnel to conduct the initial inspections within the first month. The random and targeted inspections would then span several months and can be scheduled with more efficiencies, so can be covered by Department staff, with contractor assistance as needed. Increased water sample analysis costs associated with the initial and followup inspections is expected to cost \$15.0 annually. Training courses for Department staff on inspections and sampling are estimated to cost \$7.5 in the first year, and \$3.0 in the out years. This line also reflects a share of department-wide costs related to an increased number of positions including Department of Administration chargebacks.

Supplies:

Office furniture and computers would be required for new employees in the first year. In the first and subsequent years, employees would require office supplies.

Fund Sources and Change in Revenue:

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Analysis

Total revenue to the Fund is expected to see a net increase of approximately \$60.0 in FY2021 with the change in fee structure. This is based on the current registrations for the 2021 summer season. It reflects an increase to revenue from ships with fewer than 250 berths that were exempt from Ocean Ranger fees, and slightly reduced revenue from larger ships where environmental compliance fees ranged between \$0.70 to \$1.75 per berth depending on what tier a vessel fell within.

FY2020 Supplemental:

The Department would need to bring on the new positions as quickly as possible and issue a contract in FY2020 to get marine engineer inspections conducted for the 2020 cruise ship season.