

FISCAL NOTE

No. 8
 Bill Version: SB 24
 BILL (S) Publish Date: 2/23/99

**STATE OF ALASKA
 1999 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected: Fish and Game
 Title Alaska Legislation Reform Act BRU: Commercial Fisheries (Limited) Entry Commission
 Sponsor Sen. Taylor, Donley Component: Limited Entry Program Administration
 Requester Senate Finance COMPONENT SERIAL NO. 0471

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	36.4	36.4	36.4	36.4	36.4	36.4
Travel						
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	2.4	2.4	2.4	2.4	2.4	2.4
Equipment	6.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	46.8	40.8	40.8	40.8	40.8	40.8
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	46.8	40.8	40.8	40.8	40.8	40.8
1006 GF/MHTIA						
Other						
TOTAL	46.8	40.8	40.8	40.8	40.8	40.8

Estimate of any current year (FY99) cost: \$ 0.0

POSITIONS

POSITIONS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
FULL-TIME						
PART-TIME	1	1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

For most CFEC regulatory actions, particularly those implementing limitations of specific fisheries, cost-benefit analyses would be impracticable. They would be complex, speculative, and not likely to be particularly meaningful. In addition, the delay due to the time it would take to complete such an analysis could undermine the effectiveness the limitation. However, if CFEC is not exempted from the cost-benefit analysis requirement, this fiscal note would allow us to attempt simple cost-benefit analyses of proposed regulatory actions.

See attachment

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 Agency Commercial Fisheries (Limited) Entry Commission Date/Time 01/27/99

Approved by Commissioner Bruce Twomley Date: 1/27/99
 Agency Commercial Fisheries (Limited) Entry Commission
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SB 24 Fiscal Note Analysis:

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CFEC regulates entry into commercial fishing in Alaska in accordance with AS16.43. CFEC always considers the impact of a proposed regulation on the fishing industry when adopting regulations that achieve the statute's purposes. All CFEC regulatory proposals are extensively reviewed by the public before a decision is made. Through this public input process, the public provides the sort of cost-benefit information that SB24 seeks, and in a useful and timely manner.

Under the extensive requirements of SB 24, CFEC would need to devote considerably more resources to trying to estimate the benefits and costs of each regulatory proposal. Any analysis would necessarily be highly speculative and time-consuming. Additionally, because the requirement to complete a cost-benefit analysis prior to proposing regulatory action would delay implementation of fishery limitations, it would likely lead to an increase in last minute participation by those speculating for permits, and thus undermine the goals of limited entry and perhaps jeopardize the position of Alaskans in their fisheries. Finally, the analyses would have to withstand legal challenges. Because CFEC is an adjudicatory agency, the analysis requirement may lead to further expensive litigation for the state.

Each year, CFEC must add or amend many regulations. Each proposed regulatory change requires a public review process. For example, CFEC is required by its statutes to adopt regulations to limit additional fisheries, to place moratoria on new entrants into fisheries, to develop hardship ranking systems to allocate permits in newly limited fisheries, and to establish application periods for permits in newly limited fisheries. Additionally, CFEC often needs to change regulations related to fishery definitions, permanent and emergency permit transfer requirements, other reporting requirements, administrative procedures, permit fees and user fees for sundry services. Moreover, new legislation and court decisions sometimes require extensive regulatory changes. Many of these actions simply do not lend themselves to meaningful cost-benefit analysis.

In the last two years our Law Specialist needed to devote about 30% of her time on tasks related to the Commission's regulations and regulatory proposals. Many other staff persons also need to be involved in the development of proposed regulatory changes and/or the extensive public review process for such proposals.

Because our agency has lost 24% of its staff positions over the last 12 years, we are having serious difficulty meeting existing statutory requirements. Estimating the benefits and costs of each regulatory change will require the addition of at least one part-time regulatory economist position to help make the estimates and prepare the supporting documents. Some regulations will require more detailed economic analysis than others. In some cases these analyses would need to be very extensive and complex, and in the end, because of the nature of CFEC's statutory duties, results would be speculative at best.

First Year Additional Cost of SB 24:

Part-Time Economist II or equivalent position for 6.0 months
Telephone purchase and yearly expenses
Personal computer purchase
Office supplies
Office equipment

Subsequent Years Additional Cost of SB 24:

Part-Time Economist II or equivalent position for 6.0 months
Telephone yearly expenses
Office supplies