

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 13
 Bill Version: SB24
 (S) Publish Date: 2/23/99

Revision Date/Time (Note if correction): _____
 Title: Regulations: Adoption & Judicial Review
 Sponsor: Senator Donley
 Requester: Senate JUD

Department Affected: Labor
 BRU: Administrative Services
 Component: Labor Market Information
 COMPONENT SERIAL NO. 336

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

OPERATING	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	20.0		20.0		20.0	
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	20.0	0.0	20.0	0.0	20.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.0		20.0		20.0	
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other (Specify Type)						
TOTAL	20.0	0.0	20.0	0.0	20.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY99) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

See Attached.

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 Division: Administrative Services Date/Time: 1/27/99 12:13 PM
 Approved by Commissioner: Ed Flanagan, Commissioner *Ed Flanagan* Date: 1/27/99
 Agency: Department of Labor

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SB 24 Analysis #13

AS 09.38.115 of the Alaska Exemptions Act provides for the adjustment of the exemption amounts specified in other sections of the Act and requires that the Department of Labor adopt a regulation announcing the changes in the dollar amounts. The dollar amounts change on October 1 of each even-numbered year if the percentage of change is 10 percent or more. Senate Bill No. 24 would require that the department prepare a cost benefit analysis to identify the cost to the public and the benefit that the public would receive from the adjustment. The exemptions Act deals with the exclusion from various legal assessments and proceedings specified values for certain items. These legal proceedings ultimately result in the transfer of funds from one entity to another. The nominal net cost/benefit of this transfer or non-transfer in the case of exempted amounts is zero to the parties involved. The public social cost/benefit is not measurable (i.e., improved fairness, equity) in any reasonably quantifiable way. Doing a cost/benefit analysis for the adjustment of exemption amounts would not be a cost effective use of public funds. Adjustment of dollar amounts in the Exemptions Act should not be done by regulation but should more appropriately be acted upon by the legislature.

The Alaska Exemptions Act deals with all sorts of financial settlements. They range from bankruptcies to divorce settlements. The number of new cases which would involve exemptions each year is unknown. An estimate of the number and type of cases would have to be identified and the adjustment amount related to each case; an estimate of the benefit to interested and unrelated parties would need to be determined. Understanding that a supportable estimate would require such information, we would nonetheless estimate that complying with Senate Bill No. 24 would require 250 hours of contracted economic analysis at \$80 per hour for a cost of \$20,000. This does not include the costs to the Courts system to develop and maintain an electronic database which would provide the data which would be the basis of the above analysis.

Presumably the adjustment would not be made if the cost outweighs the benefit even though the adjustment has also been mandated by state law. However, we question the legality of not acting on the requirements of the Alaska Exemptions Act and would propose an amendment to the Act to eliminate the requirement that adjustments are made by the Department of Labor and noticed by regulation. The amendment would require the legislature to act on future adjustments to the exemption amounts specified in the Alaska Exemptions Act and would clarify the legislature's intent as it relates to exemption amounts.