

FISCAL NOTE

No. 1
 Bill Version: CSSB 128(RES)
 (S) Publish Date: 4-9-99

STATE OF ALASKA
 1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Law
 Title "An Act relating to the storage tank assistance BRU Civil Division
fund; ...to financial assistance for owners and operators ..." Component Commercial; Environmental Law
 Sponsor Senate Finance Committee
 Requester Senate Resources Committee Component Serial No. 2211; 2092

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	84.2	56.2	56.2	56.2	56.2	56.2
Travel	0.3	0.2	0.2	0.2	0.2	0.2
Contractual	14.6	9.8	9.8	9.8	9.8	9.8
Supplies	1.3	0.9	0.9	0.9	0.9	0.9
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	106.9	67.0	67.0	67.0	67.0	67.0

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	106.9	67.0	67.0	67.0	67.0	67.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 Interagency Rcpts						
TOTAL	106.9	67.0	67.0	67.0	67.0	67.0

Estimate of any current year (FY99) cost: _____

POSITIONS

POSITIONS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSSB 128 (RES) changes the storage tank assistance fund from a predominately grant program to a loan program. This change would take effect July 1, 1999.

The change from a grant to a loan program would create both initial startup costs and ongoing costs for the Department of Law. During the first year of the loan program, Department of Law expenses would involve development of complex regulations and forms dealing with loan program eligibility and administration. We would expect that some entities that would have qualified for a grant will not be able to qualify for a loan due to lack of collateral. These entities may find it difficult or impossible to bring their facilities into compliance; therefore, an increase in the demand for environmental enforcement actions and compliance agreements is expected. We would also expect a high default rate among

Prepared by Joan M. Kasson *Joan M. Kasson* Phone 465-5370
 Division Attorney General's Office Date/Time 4/8/99, 2:15 PM
 Approved by Commissioner Kedjo *Kedjo* Bruce M. Botelho, Attorney General Date 4/8/99
 Agency Department of Law

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ANALYSIS CONTINUATION

loan recipients resulting in a continuing need for collection efforts. Collection efforts will be complicated by liability issues because the loan collateral may still be contaminated at the time of loan default.

The new workload generated by this bill would be split between the Civil Division's Commercial and Environmental Law sections, with Commercial handling loan issues and Environmental Law the environmental compliance issues. In the first year, three-quarters of an attorney position would be required, with the work equally divided between the sections. In the second, and subsequent years, once regulations development and other initial start-up work is complete, a half-time position is expected to be sufficient, and the workload to primarily fall on the Commercial section (75 percent of the half-time position).

The Senate Resources Committee Substitute removes language contained in the original version of the bill permitting the legislature to appropriate funds from the Storage Tank Assistance Fund for any purpose. Therefore, the fund source for the Department of Law's fiscal note for CSSB 128 (RES) has been changed to the general fund.

Fiscal note costs are based on the department's FY00 standard full-time equivalent attorney cost schedule (\$133,926), and include clerical support, communications, space, supplies, data processing, and other normal overhead expenses. An additional \$6,500 for one-time equipment purchases, costs that cannot be included in the rate as overhead, are added in FY00 only, and as a practical matter, placed in Commercial with the new part time position. These costs would be split between the separate components as follows:

	FY00	FY01-FY05	PPT
Commercial	\$56.7	\$50.2	1
Environmental Law	\$50.2	\$16.7	
	<u>\$106.9</u>	<u>\$67.0</u>	