

FISCAL NOTE

No. 5
 Bill Version: SB 296
 (S) Publish Date: 3-31-00

STATE OF ALASKA
 2000 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected Law
 Title "...relating to charges for state services; requiring that fees levied by resource agencies ..." BRU Civil Division
 Sponsor Senate Finance Committee Component Environmental Law
 Requester Senate Resources Committee Component No. 2092, 2209

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	57.0	57.0	28.5	28.5	28.5	28.5
Travel	0.3	2.8	2.6	2.6	2.6	2.6
Contractual	9.2	11.7	7.1	7.1	7.1	7.1
Supplies	0.9	0.9	0.5	0.5	0.5	0.5
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	73.9	72.4	38.7	38.7	38.7	38.7

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	73.9	72.4	38.7	38.7	38.7	38.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	73.9	72.4	38.7	38.7	38.7	38.7

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 296 makes a number of significant changes to the way fees are calculated, billed, and tracked by the Departments of Natural Resources, Environmental Conservation, and Fish and Game. The bill provides for negotiation of reimbursable service agreements and for petitions for narrowly crafted regulatory flat fees from either a single agency or multiple agencies. In addition, SB 296 creates a new appeal process where billings can be appealed to the Office of Management and Budget. These changes would take effect July 1, 2001.

Of particular significance to the Department of Law from a cost perspective are: 1) provisions requiring fees levied by the natural resource agencies for designated regulatory services to be based solely

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 Agency Department of Law

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ANALYSIS CONTINUATION

on "actual and reasonable direct costs;" (2) a provision requiring resource agencies, upon request, to negotiate reimbursable service agreements; (3) a provision requiring monthly bills for "designated regulatory services" that provide for each expenditure "sufficient detail to permit a reasonable person to determine whether the time or cost was an actual and reasonable direct cost;" and (4) a provision excluding certain interagency charges from fees.

These proposed changes will cause a significant increase in the workload of the Department of Law. The department will need to assist in the development and review of numerous new fee regulations prior to the effective date of the act. Regulations related costs will be incurred on an ongoing basis as petitions for new regulations continue to be received and as affected natural resource departments change their fees in response to changing costs. The Department of Law will also incur costs as the result of increased need to provide advice to natural resource agencies regarding fees, and reimbursable service agreement (RSA) contract approvals.

In the first year that the new fee requirements are effective, we would expect significant litigation clarifying the provisions as to whether a fee is based on actual and reasonable costs, and whether a billing was sufficiently detailed. Extensive discovery and use of experts will be required.

Given the number of regulations and contract review projects expected to result from this bill, as well as related agency advice, we estimate that an additional one-half of a full time attorney would be needed in FY 2001 and FY 2002. This would be split between the Environmental section and the Legislation and Regulations section. In subsequent years we would expect to need one-quarter of an attorney position in the Environmental Section, there would continue to be some additional regulatory work associated with the requirements of this bill, but we would expect this work would be merged into other DEC regulations projects.

No expert costs or direct case costs are expected during the regulatory phase in FY 2001. However, in FY 2002 and subsequent years, experts and direct case costs are estimated at \$5,000.

Full-time equivalent attorney costs are based on the Civil Division's FY 2001 standard attorney cost schedule (\$93.42/hour x 1442 hours = \$134,712). The hourly rate includes all normal overhead costs, such as clerical support, communications, data processing, lease space costs, supplies, etc. One-time new equipment is not included in the rate (\$6,500), nor direct case costs. These are added separately.