

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 15 (STA)
 (H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Law
 Title "An Act establishing the Alaska No-Call List, a data base of residential telephone customers . . ." BRU Civil Division
 Component Fair Business Practices
 Sponsor Representative Fate
 Requester House State Affairs Committee Component No. 2206

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	83.3	83.3	83.3	83.3	83.3	83.3
Travel	0.3	0.3	0.3	0.3	0.3	0.3
Contractual	11.7	11.7	11.7	11.7	11.7	11.7
Supplies	1.5	1.5	1.5	1.5	1.5	1.5
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	103.3	96.8	96.8	96.8	96.8	96.8

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	103.3					
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Statutory Designated Prog Rcpts		96.8	96.8	96.8	96.8	96.8
TOTAL	103.3	96.8	96.8	96.8	96.8	96.8

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

CSHB 15 (STA) requires the attorney general to contract with an designated agent to establish and maintain a centralized data base of telephone subscribers who do not want to receive telephonic solicitations. Telephonic solicitors and organizations who are otherwise exempt from telephonic solicitation registration requirements, but who intend to conduct a solicitation, must purchase the data base. Fees charged to buy the "Alaska No-Call" data base must cover the direct and indirect costs of creating, updating, and maintaining the data base, and reimbursement to the attorney general for relevant expenditures. In addition to the data base, the designated agent is to be charged with maintaining an automated complaint system for residential subscribers to report suspected violations to the appropriate enforcement agency, which is the Department of Law, via the Internet or 800 number.

Prepared by: Joan M. Kasson Phone (907) 465-5370
 Division: Attorney General's Office Date/Time 3/24/03 3:09 PM
 Approved by: Joan M. Kasson for Gregg D. Renkes, Attorney General Date 3/24/2003
 Agency: Department of Law

FISCAL NOTE #3

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 15(STA)

ANALYSIS CONTINUATION

The Colorado Public Utilities Commission was recently charged with implementing the Colorado No-Call Law, on which this bill is modeled. The Colorado Attorney General's Office handles enforcement under that law. We have spoken with both of these agencies, as well as a number of other states administering No-Call laws, and used their experiences to develop this fiscal note.

COSTS TO THE STATE:

During the first year, the costs to the Department of Law will involve implementing the Alaska No-Call data base. Legal services will be necessary to develop and implement regulations. Next, the procurement process to hire the designated agent will take place. Once a designated agent is under contract, considerable time will be required to oversee the web site content development including what consumer information should be available, and what information should be available to registering telemarketers. The development of the automated complaint system is expected to require significant amounts of time to ensure the department will receive all necessary information related to the complaints electronically, in a timely manner. Colorado estimated this phase of the project required as much as one-third of each of three full-time employees for five to six months (one full-time equivalent), and approximately 400 hours of attorney time and 100 hours of paraprofessional time. Given the number of states with this type of program that we should be able to piggyback on, we would expect our costs to be less.

Once the data base is up and running, a certain amount of attorney and paraprofessional time will be necessary to manage the program. This activity would include reviewing telephone solicitor registrations, supervising the web site, and regular contact with the designated agent. The Colorado PUC told us this regular contact took about four hours per week for them. We are assuming the impact of this in Alaska will be much smaller, both because some of their contact was due to problems with their web site and 800 number we hope to avoid using their example, and because Alaska has a much smaller population. We anticipate this regular contact will require no more than one-hour of paraprofessional time per week. In addition, the department estimates the annual readjustment of fees and reporting to the legislature will require 10 hours of attorney time and 10 hours of paraprofessional time.

As pointed out in the introduction, the bill also requires the designated agent set up and maintain an automated complaint system that would ". . . report violations to the appropriate state enforcement agency for enforcement action." The Department of Law would be responsible for these enforcement actions. The Colorado Attorney General's Office estimates they use the services of one-half of an attorney and one full-time paraprofessional for enforcement. Idaho, which maintains its database in house, estimates they use the services of 1.5 non-enforcement staff to take complaints and maintain the data base, and three attorneys to investigate complaints and provide enforcement. Other states using vendor maintained databases that we surveyed estimated anywhere from 1.5 to 15, with most estimating two to four staff positions.

After talking to these other states, we estimate the services of a full-time paraprofessional position would be sufficient to handle the program implementation and all on-going maintenance and enforcement activities. While some attorney time will be expended, as a practical matter we anticipate this will be offset as the paraprofessional takes on some paraprofessional-level duties that attorneys are now doing themselves at the higher hourly rate due to staffing constraints.

CSHB 15 (STA) requires that fees cover the cost of creating and maintaining the Alaska No-Call database and complaint system, and relevant expenditures of the Department of Law. Under this bill, telemarketers purchase the data base from the designated agent, who receives the fees. Fees are designed to cover the costs of developing and maintaining the data base and relevant expenditures of the attorney general, so are adjusted annually.

FISCAL NOTE #3

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 15(STA)

ANALYSIS CONTINUATION

Alaska has less than ten registered telemarketers, and 40 paid solicitors who would have to register under this bill. We have no idea how many other organizations there are who are exempt from registration, but who would need to purchase the No-Call List. If we assume there are 50 exempt organizations, there may be 100 entities in total who would purchase the data base.

Discussions with other states indicate the amount of revenue generated from sale of the No-Call List is linked to enforcement. If the state actively enforces their No-Call law with hefty fines, telemarketers who wish to do business in that state have an incentive to purchase the list. We would expect this same effect in Alaska, but have no way of projecting an amount without some experience. Idaho is the only state we talked to that is near our size with a self-supporting program, but they also charge subscribers to sign up and most of their revenue derives from that source. Louisiana has a self-supporting program using a vendor, but the revenue used to support their program comes from noncompliance fines.

We do not know how much it would cost to hire the designated agent in Alaska. Colorado anticipates paying their designated agent \$174,000 over a three-year period. This amount includes unexpected first year costs for the toll free voice recognition system and unanticipated legal fees for the vendor. (The vendor was named in a federal lawsuit seeking to overturn the No-Call List law.) Louisiana reported spending \$50,000 for their contract with a vendor.

We would expect that at least some of Colorado's start-up costs could be avoided in Alaska by using their experience as much as possible, and by virtue of our smaller size. For example, we would not have the unexpected and expensive volume of toll free calls Colorado's toll free voice recognition system received in the early days because we don't have that many telephone subscribers. Although Connecticut too warned us to expect an initial surge of subscribers wanting to sign up all at once, the number presumably would be smaller.

In the first year, until the data base is up and running and available for purchase, there will be no fees. Once the data base is available for purchase, presumably the initial fees would be needed to pay the designated agent. Accordingly, the department's FY2004 costs are included as general funds. This fiscal note assumes the revenues will be available in the second and subsequent years to pay for the entire program. Whether this assumption proves correct will depend on variables the effect of which are difficult to predict at present. For example, we are unsure of how many telemarketers will purchase the Alaska list and how much the total costs of maintaining the data base and enforcing the program will be. If we assume 100 telemarketers would want to purchase the Alaska list, and the total costs of maintaining the data base and enforcement of its use prove to be as much as \$150,000 per year, annual fees could be as high as \$1,500. Right now, we are aware of no state that charges more than \$1,100, and most are in the \$400 to \$500 range. In addition, states around the country are concerned about what effect the advent of a federal No-Call list reported to be implemented this year will have on state No-Call List revenues.