

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 367(L&C)
 (H) Publish Date: 2/5/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Licensing Sex Oriented Businesses RDU Occupational Licensing (117)
 Component Occupational Licensing
 Sponsor Representatives McGuire and Gara
 Requester House Labor and Commerce Component No. 2360

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	48.9	48.9	48.9	48.9	48.9	48.9
Travel	13.2	7.2	3.0	3.0	3.0	3.0
Contractual	78.2	66.6	3.6	3.6	3.6	3.6
Supplies	5.0	5.0	5.0	5.0	5.0	5.0
Equipment	6.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	151.3	127.7	60.5	60.5	60.5	60.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1156)	279.0	0.0	121.0	0.0	121.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 Receipt Supported Services	151.3	127.7	60.5	60.5	60.5	60.5
TOTAL	151.3	127.7	60.5	60.5	60.5	60.5

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

HB 367 creates new licensing and regulation for sex-oriented businesses and sex-oriented business entertainers. The bill also requires the department to establish by regulations, standards of conduct and physical characteristics of licensed premises; educational requirements for entertainers 19 or 20 years of age; and other requirements on applying for and renewing licenses.

A detailed explanation of the above costs are attached.

Prepared by: Jennifer Strickler, Administrative Manager Phone (907) 465-2144
 Division Occupational Licensing Date/Time 1/30/04 9:10 AM
 Approved by: Edgar Blatchford, Commissioner Date 1/30/2004
 Agency Department of Community and Economic Development

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ANALYSIS CONTINUATION

PERSONAL SERVICES: \$48.9

1 - Occupational Licensing Examiner I, PFT, Range 13B

This position will support the licensing program for sex-oriented businesses and entertainers. This position will prepare and process application forms, ensure applicants meet specific criteria for licensure, ensure public hearings are implemented as required by statute, and issue licenses upon approval. It is a possibility that a full-time position will not be necessary to support this program, however, since we are not aware of the number of individuals that will be impacted by this bill, this fiscal note is based on a full-time position.

Preliminary numbers of applicants from supporters of the bill indicate approximately 20 business owners and 100+ entertainers may be subject to licensure.

TRAVEL: \$13.2

In the first year of operation, travel funding is anticipated for the following -

- Regulation Hearings (travel for the Regulations Specialist), at least 4 trips @ \$600/per trip = \$2.4
- Travel for Business Owner application hearings under AS 08.90.075, 15 applicants @ \$600/per trip = \$9.0
- Travel for Enforcement to areas outside of Anchorage, 3 trips @ \$600/per trip = \$1.8

In the second year of operation, the number of Business Owner application hearings is anticipated to reduce from 15 to 5 ($600 \times 5 = \$3.0$). Regulations and Enforcement costs are also anticipated to repeat in the second year. Total: \$7.2

By the third year of operation, the regulation hearings should be completed. Only Business Owner application hearings (at least 2 @ $600 = \$1.2$) and Enforcement ($\1.8) are expected. Total: \$3.0

CONTRACTUAL: \$78.2

- Educational Program Development and Counseling Services required by AS 08.90.060, \$50.0. We are not aware of programs or services that are currently in existence, of if they do exist, the costs involved in participating in those programs. This funding is needed if the department must contract to develop a program; however, if programs and services already exist, amount may be reduced when more information is obtained.
- Regulation costs (notices, hearings, etc.), \$10.0
- Business Owner application hearings under AS 08.990.075, public notices for 15 applicants @ \$200 = \$3.0
- Room Rentals for the Business Owner application hearings, 15 applicants @ \$400 = \$6.0
- Fingerprint Processing for 105 applicants in the first year x \$59ea. = \$6.2
- Communications expenses (phones, postage, etc.) = \$3.0

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ANALYSIS CONTINUATION

In the second year of operation, the number of Business Owner application hearings, public notices is anticipated to reduce from 15 to 5, $\$200 \times 5 = \1.0 ; Room Rentals for Business Owner application hearings, 5 applicants @ $\$400 = \2.0 ; and Fingerprint Processing for 10 applicants @ $\$59 = \0.6 . Total: $\$66.6$

By the third year of operation, the Regulation Hearings and Educational Program Development should be completed. It is anticipated that only Fingerprint Processing will continue, approx. 10 applicants @ $\$59 = \0.6 ; and Communication expenses (phones, postage, etc.) $\$3.0$. Total: $\$3.6$

SUPPLIES: \$5.0

This funding provides basic operating supplies for the program (paper, etc.)

EQUIPMENT: \$6.0 (one-time expense)

This one-time funding will provide workstation and equipment set-up for the new position.

Funding Source: Receipt Supported Services

This program is anticipated to be funded by licensing fees. Under AS 08.90.080 of the bill, the Business is expected to pay costs associated with the educational and counseling requirements for $\$50.0$. Fees are estimated as follows:

120 licensees divided by operating costs of $\$101.3 = \844 biennial fee

Sex-Oriented Businesses are required to also cover the $\$50.0$ Educational and Counseling costs; therefore, 20 sex-oriented businesses will pay an additional $\$2,000$ each. In summary the fees are estimated to be -

Sex-Oriented Entertainers: $\$844.00$ biennial fees

Sex-Oriented Businesses: $\$2,844.00$ biennial fees

Licensure will be based on a biennial cycle like other regulatory programs.