

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
 Bill Version HB 196
 (H) Publish Date 3/30/11

Identifier (file name) HB196-CCED-DCRA-03-19-11 Dept. Affected DCCED
 Title BULK FUEL LOANS/POWER PROJECT FUND Appropriation Community and Regional Affairs
 Allocation Community and Regional Affairs
 Sponsor Representatives Edgmon
 Requester House Community & Regional Affairs OMB Component Number 2879

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services	46.4	0.0	92.8	92.8	92.8	92.8	92.8	92.8
Travel	0.0	0.0	40.0	40.0	40.0	40.0	40.0	40.0
Services	0.0	0.0	120.0	120.0	120.0	120.0	120.0	120.0
Commodities	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	52.4	0.0	252.8	252.8	252.8	252.8	252.8	252.8

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	52.4		(219.0)					
1005 GF/Program Receipts								
1037 GF/Mental Health								
1074 Bulk Fuel Revolving Loan Fund		0.0	252.8	252.8	252.8	252.8	252.8	252.8
TOTAL	52.4	0.0	33.8	252.8	252.8	252.8	252.8	252.8

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time	1	0	1	1	1	1	1
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial Version

Prepared by Scott Ruby, Director
 Division Community and Regional Affairs
 Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 269-4569
 Date/Time 3/24/11 7:00 AM
 Date 3/24/2011

Analysis

HB 196 would move the Bulk Fuel Revolving Loan Fund (BFRLF) from the Alaska Energy Authority to the Department of Commerce, Community, and Economic Development (DCCED) and combine it with the Bulk Fuel Bridge Loan Fund currently administered by the DCRA. This bill will significantly modify the terms of both loan programs including adding a tiered interest rate to both programs. The Division will need to adopt new regulations for the combined program, and delete previously adopted regulations.

Starting in FY12, administration of this program will be paid from earnings of the Bulk Fuel Revolving Loan Fund. Currently the division receives \$219,000 in general funds to administer the bridge loan program. In FY13, this funding will be replaced with earnings from the combined revolving loan fund.

The Division of Community and Regional Affairs currently administers the Bulk Fuel Bridge Loan Program with approximately 15% of one staff person's time. DCCED estimates that the servicing of the BFRLF in addition to the bulk fuel bridge loans will increase the number of accounts from 12 to 67; a near six fold increase in the number of loans. The higher complexity of the combined program will increase coordination of technical assistance with the contractor and of DCRA field staff.

The increased volume and coordination will require a full position to administer both programs. This position will be a Local Government Specialist IV (Range 19). The personnel costs listed cover the costs of this new position. Personnel costs for FY12 are reduced by 50% as the consolidation does not take place until January 1, 2012.

DCRA anticipates contracting for the majority of technical assistance provided to borrowers. This technical assistance includes assistance in completing and submitting the loan application, facilitating delivery of fuel with distributors and borrowers, and providing assistance and financial counseling such as rate setting, amending collection procedures, debt consolidation, or accounting system changes.

Travel costs will predominantly be reimbursable costs to the contractor for providing on-site assistance to the borrowers. Some travel by DCRA Regional office staff will occur when the contractor is not available, or when it is more economical to serve the borrower from a local DCRA field office, or when the nature of the assistance is beyond the technical assistance requirements of the contract.

Commodities costs in the first year are associated with establishing the new position with desks, computer, and other necessary equipment. These are one-time costs.