

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HB 376
Fiscal Note Number:	3
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Identifier: HB376-DCCED-DBS-04-11-18
 Title: ESTABLISH THE ALASKA STATE BANK
 Sponsor: TUCK
 Requester: (H) Labor & Commerce

Department: Department of Commerce, Community and
 Economic Development
 Appropriation: Banking and Securities
 Allocation: Banking and Securities
 OMB Component Number: 2808

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	575.0		575.0	575.0	575.0	575.0	575.0
Travel	60.0		60.0	60.0	60.0	60.0	60.0
Services	300.0		205.0	205.0	205.0	205.0	205.0
Commodities	82.5		7.5	7.5	7.5	7.5	7.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	1,017.5	0.0	847.5	847.5	847.5	847.5	847.5

Fund Source (Operating Only)

1004 Gen Fund (UGF)	1,017.5		847.5	847.5	847.5	847.5	847.5
Total	1,017.5	0.0	847.5	847.5	847.5	847.5	847.5

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)	1,017.5		847.5	847.5	847.5	847.5	847.5
Total	1,017.5	0.0	847.5	847.5	847.5	847.5	847.5

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/19

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Banking and Securities	Date:	04/11/2018
Approved By:	Catherine Reardon, Director	Date:	04/12/18
Agency:	Division of Administrative Services, DCCED		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

The Division of Banking and Securities anticipates the following fiscal impact from this legislation for the regulatory oversight and quarterly examinations of the Alaska State Bank (ASB).

The bill creates a new public corporation within the Department of Commerce, Community, and Economic Development. The ASB will promote infrastructure, education, science, technology, and other economic development projects in Alaska. This fiscal note addresses only the regulation and examination of the ASB. Costs for the creation and capitalization of the ASB, as well as other department costs, are addressed in separate fiscal notes.

The bill exempts the ASB from regulation under the Alaska Banking Code and requires quarterly examinations be conducted. The Division of Banking and Securities (DBS) conducts examinations of state chartered financial institutions under the Alaska Banking Code and regulations on a specific cycle established in statute. Examination cycles currently include annual, every eighteen months, and as needed for compliance. No DBS programs currently require quarterly examination and further analysis will be necessary to determine the potential impact to the division's overall operations.

Regulations will need to be drafted and adopted to establish the basis for conducting examinations and reports that will be made public under this legislation. DBS anticipates an intensive and lengthy regulation process that will require legal services from the Department of Law. Higher legal costs are reflected in the services lines for year one with a decrease once regulations are adopted for future years.

Five new Financial Examiner III, range 21, positions will be dedicated to the regulation and examination of the Bank. The focus of the first year will be to research, draft, and develop proposed regulations and attend multi-week trainings, typically held in the Washington, D.C. area, specific to the examination and regulation of the banking industry. Annual training will be required. With regulations adopted and Bank operations underway, the examiners will be dedicated to conducting quarterly examinations and issuing reports on the condition of the Bank. DBS anticipated hiring senior level examiners who have a solid foundation in the banking industry. The examiners will be required to participate in schools and/or classes to obtain certification in additional specialized industries as the Bank expands its scope of operations. Travel, lodging, per diem, registration fees, and educational materials costs are included.

This fiscal note includes costs for the five examiners including personal services, travel, training, office space, furniture, computers, telephones, supplies, and other costs. An increase in staff will impact the division's share of allocated costs for core central services levied by the Department of Administration including computer services, telephone services, Human Resources, Risk Management, Central Mail Services and the department's internal allocation of Management and Administrative Services cost.