

Fiscal Note

State of Alaska
2020 Legislative Session

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| Bill Version: | SB 158 |
| Fiscal Note Number: | 1 |
| (S) Publish Date: | 1/22/2020 |

Identifier: 4111-DNR-DMLW-1-16-20
 Title: RESOURCE AGENCY FEES: INDIRECT COSTS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Natural Resources
 Appropriation: Fire Suppression, Land & Water Resources
 Allocation: Mining, Land & Water
 OMB Component Number: 3002

Expenditures/Revenues

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

| | FY2021 | Included in | Out-Year Cost Estimates | | | | |
|-------------------------------|-------------------------|---------------------------|-------------------------|------------|------------|------------|------------|
| | Appropriation Requested | Governor's FY2021 Request | FY 2022 | FY 2023 | FY 2024 | FY 2025 | FY 2026 |
| OPERATING EXPENDITURES | FY 2021 | FY 2021 | | | | | |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Fund Source (Operating Only)

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimated SUPPLEMENTAL (FY2020) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2021) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

Not Applicable; Initial Version.

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| Prepared By: | Laura Ogan, Legislative Liaison | Phone: | (907)269-8434 |
| Division: | Commissioner's Office | Date: | 01/15/2020 05:00 PM |
| Approved By: | Marty Parsons, Director | Date: | 01/15/20 |
| Agency: | Division of Mining, Land and Water | | |

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2020 LEGISLATIVE SESSION

Analysis

This bill would provide the Department of Natural Resources the authority as a resource agency to include indirect costs when setting fees for designated regulatory services, in addition to the direct costs the department may already be authorized to collect by statute and regulation. The definition of "designated regulatory services" in AS 37.10.058(8) includes six elements, only one of which applies to the Department of Natural Resources: water authorizations issued under AS 46.15.

The bill would not directly change fees for designated regulatory services, and so would have no direct fiscal impact on the Department. Should the Department exercise its new authority to include indirect costs in fees charged for water authorizations, however, the fiscal impact might provide for increased revenue as follows:

The Division of Mining, Land and Water received an average of \$126.0 per year over the last four years for water authorization work under AS 46.15. While the division has no standards for calculating indirect costs, a rough estimate could be calculated by applying the 19 percent average indirect cost factor the Department currently applies to programs funded by federal grants. The calculation would therefore be: \$126.0 in direct costs X 0.19 indirect cost factor = \$23.9 in additional revenue. (These calculations are approximate. New fee regulations that took effect in FY2019 may change average annual water authorization revenue, and indirect cost factors for the water authorization program may not match the 19 percent rate applied to federal grants applied in the above example.)

Any new fee structure authorized by this bill would not take effect before revised regulations became effective, and the bill imposes no timeline for adopting regulations. The department does not plan to include indirect costs in its fees for designated regulatory services in the foreseeable future. Should that change, the department would absorb the costs of calculating indirect cost factors, and of preparing and promulgating regulations. The Department therefore submits a zero fiscal note.