

**HB**

**361**

**HFIN**

**FILE**

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

April 13, 2000

P.O. BOX 110300  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 465-2075

The Honorable John Torgerson, Co-Chair  
The Honorable Sean Parnell, Co-Chair  
Senate Finance Committee  
Alaska State Capitol  
Juneau, AK 99801


Dear Senators:

This morning I delivered the file copy of the Department of Law's fiscal note on CSHB 361 (FIN) to the Senate Finance Committee and it was not the right version. I would like to apologize.

I prepared a revised, "corrected" version of Law's fiscal note for CSHB 361 (FIN) at the direction of Assistant Attorney General Steven Daugherty after the House Finance Committee adopted a final committee substitute on March 23, 2000. The copy delivered this morning was for Work Draft 1-LS1299A, as amended on March 21, 2000. Unfortunately, as we all discovered this morning, it seems that not only was the corrected version not delivered to House Finance to accompany their committee substitute, but was not placed in our own files.

I do not know why this occurred, but it is my responsibility to be sure fiscal notes make it completely through our own internal process, and I clearly did not in this case. I have prepared a new corrected fiscal note for CSHB 361 (FIN). It is dated April 13, 2000, 10:44 a.m. Copies for the Senate Finance Committee are enclosed, and are also being delivered to House Finance and to the Legislative Finance Division.

Sincerely,



Joan M. Kasson  
Special Assistant to the  
Attorney General

Enclosure

cc: Senate Finance Committee  
House Finance Committee  
Division of Legislative Finance  
Shari Kochman, Office of the Governor

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 361(FIN)

Revision Date/Time (Note if correction)	<u>4/13/00 10:44 AM (correction)</u>	Dept. Affected	<u>Law</u>
Title	<u>"...relating to charges for state services; requiring that fees levied by resource agencies ..."</u>	BRU	<u>Civil Division</u>
Sponsor	<u>House Finance Committee</u>	Component	<u>Environmental Law</u>
Requester	<u>Senate Finance Committee</u>		<u>Legislation/Regulations</u>
		Component No.	<u>2092, 2209</u>

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	57.0	57.0	28.5	28.5	28.5	28.5
Travel	0.3	2.8	2.6	2.6	2.6	2.6
Contractual	9.2	11.7	7.1	7.1	7.1	7.1
Supplies	0.9	0.9	0.5	0.5	0.5	0.5
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>73.9</b>	<b>72.4</b>	<b>38.7</b>	<b>38.7</b>	<b>38.7</b>	<b>38.7</b>

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	73.9	72.4	38.7	38.7	38.7	38.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>73.9</b>	<b>72.4</b>	<b>38.7</b>	<b>38.7</b>	<b>38.7</b>	<b>38.7</b>

Estimate of any current year (FY2000) cost:

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 361 (FIN) makes a number of significant changes to the way fees are calculated, billed, and tracked by the Departments of Natural Resources, Environmental Conservation, and Fish and Game. The bill provides for negotiation of reimbursable service agreements and for petitions for narrowly crafted regulatory flat fees from either a single agency or multiple agencies. In addition, CSHB 361 (FIN) creates a new appeal process where billings can be appealed to the Office of Management and Budget. These changes would take effect July 1, 2001.

Of particular significance to the Department of Law from a cost perspective are: 1) provisions requiring fees levied by the natural resource agencies for designated regulatory services to be based solely

Prepared by: <u>Joan M. Kasson</u>	Phone <u>465-5370</u>
Division: <u>Attorney General's Office</u>	Date/Time <u>4/13/00, 10:44 AM</u>
Approved by: <u>Commissioner Kathryn A. Buehler</u>	Date <u>4/13/00</u>
Agency: <u>Department of Law</u>	

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FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 361(FIN)

ANALYSIS CONTINUATION

on "actual and reasonable direct costs;" (2) a provision requiring resource agencies, upon request, to negotiate reimbursable service agreements; (3) a provision requiring monthly bills for "designated regulatory services" that provide for each expenditure "sufficient detail to permit a reasonable person to determine whether the time or cost was an actual and reasonable direct cost;" and (4) a provision excluding certain interagency charges from fees.

These proposed changes will cause a significant increase in the workload of the Department of Law. The department will need to assist in the development and review of numerous new fee regulations prior to the effective date of the act. Regulations related costs will be incurred on an ongoing basis as petitions for new regulations continue to be received and as affected natural resource departments change their fees in response to changing costs. The Department of Law will also incur costs as the result of increased need to provide advice to natural resource agencies regarding fees, and reimbursable service agreement (RSA) contract approvals.

In the first year that the new fee requirements are effective, we would expect significant litigation clarifying the provisions as to whether a fee is based on actual and reasonable costs, and whether a billing was sufficiently detailed. Extensive discovery and use of experts will be required.

Given the number of regulations and contract review projects expected to result from this bill, as well as related agency advice, we estimate that an additional one-half of a full time attorney would be needed in FY 2001 and FY 2002. This would be split between the Environmental section and the Legislation and Regulations section. In subsequent years we would expect to need one-quarter of an attorney position in the Environmental Section, there would continue to be some additional regulatory work associated with the requirements of this bill, but we would expect this work would be merged into other DEC regulations projects.

No expert costs or direct case costs are expected during the regulatory phase in FY 2001. However, in FY 2002 and subsequent years, experts and direct case costs are estimated at \$5,000.

Full-time equivalent attorney costs are based on the Civil Division's FY 2001 standard attorney cost schedule (\$93.42/hour x 1442 hours = \$134,712). The hourly rate includes all normal overhead costs, such as clerical support, communications, data processing, lease space costs, supplies, etc. One-time new equipment is not included in the rate (\$6,500), nor direct case costs. These are added separately.

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: February 11, 2000

FURTHER REFERRALS:

Date of Committee Action: 3/28/00

The FINANCE Committee considered:

HB 361

HOUSE BILL NO. 361

FEEES FOR STATE SERVICE

"An Act relating to charges for state services; requiring that fees levied by resource agencies for designated regulatory services be based on the actual and reasonable direct cost of providing the services, except in the case of certain negotiated or fixed fees; relating to negotiated or fixed fees of resource agencies; relating to invoices for designated regulatory services; establishing a petition process regarding fees charged by resource agencies for regulatory services; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 361 (Fin)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) APPROVES PREVIOUS: (Dept/Date)

(5)  fiscal note(s) DND, GOV  fiscal note(s) \_\_\_\_\_

(3) DEC, LAW \_\_\_\_\_

zero fiscal note(s) DND  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Conc. Theriault Theriault</u>	X			
<u>Van Buren Bunde</u>			✓	
<u>Pat Davis DAVIS</u>				X
<u>Bob Gressendorf Gressendorf</u>			X	
<u>Pat Davis DAVIS</u>	X			
<u>Bill Williams Williams</u>				
<u>Pat Davis DAVIS</u>	✓			
<u>Pat Davis Foster</u>			X	

CHAIR'S SIGNATURE Conc. Theriault

# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. CSHB361(FIN)**

Revision Date/Tim 22-Mar-00

Dept Affected: Natural Resources

Title: Fees For State Service

BRU: Oil & Gas Development

Component: Pipeline Coordinator

Sponsor: (H) Finance

Requestor: (H) Finance

Component No. 1191

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES (fund code)</b>	0.0	0.0	0.0	0.0	0.0	0.0

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1108 Stat Desig Prgm Receipts						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: \$

N/A

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:**

(Attach a separate page if necessary)

Amendments approved in the House Finance version of HB361 clarifying in the definition section on page 7, line 13, under fees that the Joint Pipeline Office can continue to assign all costs of projects to the companies requesting these services, eliminates any fiscal impact on the Joint Pipeline Office. Therefore, this fiscal note has been reduced to zero.

Prepared by: William G. Britt, Jr.

Phone: 907-271-5070

Division: State Pipeline Coordinator's Office

Date: 22-Mar-00

Approved by Commissioner:

John Shively

Date:

3/22/00

Agency: Natural Resources

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# FISCAL NOTE

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

**BILL NO. CSHB 361(FIN)**

Revision Date/Time (Note if correction) 3/22/2000 Dept. Affected Governor's Office  
 Title An Act relating to charges for state services BRU Multiple  
 Component Multiple  
 Sponsor House Finance Committee  
 Requester House Finance Committee Component No. \_\_\_\_\_

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	68.8	70.9	73.0	75.2	77.5	79.8
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>68.8</b>	<b>70.9</b>	<b>73.0</b>	<b>75.2</b>	<b>77.5</b>	<b>79.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	68.8	70.9	73.0	75.2	77.5	79.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>68.8</b>	<b>70.9</b>	<b>73.0</b>	<b>75.2</b>	<b>77.5</b>	<b>79.8</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time						
Part-time	2	2	2	2	2	2
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 361(FIN) would require the Office of Management and Budget (OMB) to review complaints from any business or individual regarding permit-related charges that these businesses or individuals believe exceed the actual and reasonable direct cost of providing regulatory services. These complaints would come to OMB only if they could not be resolved at the department level. OMB would be required to determine within 30 days whether to uphold the complaint or affirm the relevant permit charges.

In addition, the bill provides that any business or individual can petition OMB to establish a single fee for all regulatory services that are required for the particular type of project being permitted.

(continued - see attached page)

Prepared by: Jack Kreinheder, Senior Policy Analyst Phone 465-4676  
 Division Office of Management and Budget Date/Time 3/22/00 4:43 PM  
 Approved by Commissioner: Annalee McConnell, Director Date 3-22-00  
Office of the Governor

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## CSHB 361(FIN) Fiscal Note Analysis – Continued

These provisions would require OMB to establish the capability to rapidly audit and verify agency documentation for permit-related charges, and to establish multi-agency permit fees upon public petition. OMB does not currently perform these functions or have the staff resources to do this work. It is difficult to predict the volume of permit fee complaints and petitions for establishment of multi-agency permit fee regulations that would result from the bill.

This committee substitute makes changes which should reduce the workload and additional costs resulting from the bill. We estimate that these functions would require the equivalent of two half-time positions. One half-time position would be required by the Office of Management and Budget to respond to complaints regarding permit-related charges.

An additional half-time position would be required by the Division of Governmental Coordination(DGC) to respond to petitions to establish single multi-agency fees. DGC currently is primarily funded with federal money and required general fund match that cannot be used for these purposes.

Salary and benefits for these two half-time positions would total \$68.8 in the first year, with merit increases in subsequent years. Depending on the volume of work generated by this legislation, additional position(s) may be required in the future.

Under this fiscal note, \$34.4 would be provided to OMB (Component 2144) and \$34.4 would be provided to DGC (Component 18).

OMB  
3/22/2000

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 361 (Fin)

Revision Date/Time (Note if correction) 03/22/00 9:30 AM Dept. Affected Environmental Conservation  
 Title An act relating to charges for state services BRU Environmental Health  
 Component Solid Waste Management  
 Sponsor House Finance  
 Requester House Finance Component No. 2344

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	43.2	105.4	105.4	71.3	71.3	71.3
Travel	5.0	10.0	10.0	7.5	7.5	7.5
Contractual	183.3	33.1	33.1	31.6	31.6	31.6
Supplies	1.0	2.0	2.0	1.5	1.5	1.5
Equipment	7.5	7.5	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>240.0</b>	<b>158.0</b>	<b>150.5</b>	<b>111.9</b>	<b>111.9</b>	<b>111.9</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>(230.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	240.0	388.4	150.5	111.9	111.9	111.9
1005 GF/Program Receipts		(230.4)				
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>240.0</b>	<b>158.0</b>	<b>150.5</b>	<b>111.9</b>	<b>111.9</b>	<b>111.9</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time	1	2	2	1	1	1
Part-time	0	0	0	1	1	1
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Please see attached explanation.

Prepared by: Barbara Frank  
 Division Administrative Services  
 Approved by Commissioner [Signature]  
 Agency Department of Environmental Conservation

Phone 465-5010  
 Date/Time 3/22/00 10:50 AM  
 Date 3-22-00

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### Reduction in Revenues Collected

The bill limits costs which can be recovered rather than current language that permits full cost recovery. As a result, less revenues can be collected. The department conducted an in depth analysis of the data collected by the Solid Waste program in FY 1999 to project lost revenues. Data collected by the Solid Waste program is the best quality and most complete. It is representative of likely impacts of limiting the hourly rates and reducing the pool of costs which can be recovered. Based on that analysis, program revenues collected would drop by 56%. The committee substitute tempered this by increasing the rate allowed to cover actual benefits. With a delayed implementation date, the loss of revenues is reflected in the second year of the fiscal notes.

A secondary issue is the goal to establish as many fixed fees as possible. It is not possible to project how many fees will be collected as fixed, negotiated agreements or time and materials. Fees collected under negotiated agreements can be treated as statutory program receipts but fixed or time and materials billings may not. A department can not ask for additional GF program receipt authority as an RPL. As a result, the Water Quality fiscal note returns all receipt authority to general fund program receipts.

The committee substitute exempts businesses with less than 20 people from paying for inspection travel. The impact is expected in Water Quality. In Water Quality, collections will be reduced by 19.2 beginning in year 2. This is based on an estimate of 100 state, 200 placer mines, and 190 general permits being issued to businesses with less than 20 employees.

### Tracking Costs and Time and Materials Billings

The intent of the bill is to have fixed fees where feasible. However, when it is not feasible, the department must be able to bill time and materials. Time tracking will be needed at the desktop of individual employees. The costs of time tracking is allocated equally to the programs affected by the bill. The department selected a program the department currently uses called "Timeslips" to respond to the uniform accounting and invoicing system requirements. It is in use by the air and the food safety and sanitation programs.

Savings are available starting in year two by basing the four year fixed fee review on estimated rather than actual costs. Actual costs require the department to do ¼ hour time tracking on all designated regulatory services by all affected employees. Staff will analyze and prepare customized reporting from the time tracking records to support the actual costs adjustments to fixed fees. The agency proposes to use estimated rather than actual costs for both the original and subsequent updates to fixed fees. If that change were made that savings would be:

#### Solid Waste

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Drinking Water and Domestic Wastewater

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Water Quality

Reduce Env Tech II	26.1
Reduce Time Accounting	19.1

Total Savings Available	187.8
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**Increased Costs for Regulatory Process, Negotiation, Appeals and Petitions**

Third, the bill increases costs by requiring the agency to set standard designated regulatory services fees in regulation; by allowing permittees to negotiate permit costs; and allowing appeals of charges based on both objective and subjective criteria.

There is a strong preference to have predictable fixed fees for services. Initially the fixed fees are estimates but in future revisions the committee substitute requires actuals. Developing those fixed fees will require examination of invoices and records to date to categorize different activities. Using the regulatory process will require program staff to examine similarities in services, administrative staff to assign costs, a regulation specialist to prepare regulatory language, and services of an attorney. Contractual costs will be incurred for public notices and hearings.

Appeals are permitted and envisioned on the billings. Resolving informal and formal appeals will require program staff to examine the text of the billing, administrative staff to research comparables and assign costs, and will also require the assistance of a regulations specialist. The committee substitute reduces the need for assistance from a paralegal after the initial regulation process in year 1.

**YEAR 1**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry			100.0			100.0	100.0			100.0	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			62.1			62.1	62.1			62.1	
Time Tracking/Cost Accounting System			18.2			18.2	18.2			18.2	
Legal Support - Regulations Specialist	43.2	5.0	183.3	1.0	7.5	240.0	240.0	0.0	0.0	240.0	1

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry			12.0			12.0	12.0			12.0	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			62.1			62.1	62.1			62.1	
Time Tracking/Cost Accounting System			18.2			18.2	18.2			18.2	
Legal Support - Regulations Specialist	43.2	5.0	95.3	1.0	7.5	152.0	152.0	0.0	0.0	152.0	1

**Water Quality**

Increased Costs to Implement HB:

(Regulations)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	70.3	5.0	3.0	1.0	7.5	85.8	86.8			86.8	1
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry			45.0			45.0	45.0			45.0	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			62.1			62.1	62.1			62.1	
Time Tracking/Cost Accounting System			18.2			18.2	18.2			18.2	
Legal Support - Regulations Specialist	113.5	10.0	131.3	2.0	15.0	271.8	271.8	0.0	0.0	271.8	2

**YEAR 2**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	62.2	5.0	3.0	1.0	7.5	78.7	78.7			78.7	1
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry			5.0			5.0	5.0			5.0	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			22.1			22.1	22.1			22.1	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
Legal Support - Regulations Specialist	105.4	10.0	33.1	2.0	7.5	158.0	158.0	0.0	0.0	158.0	2
Lost Revenues Funding Source Switch							230.4	(230.4)		0.0	0

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	
Contractual Support for Reg Development & Facilitation with Industry			22.1			22.1	22.1			22.1	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			22.1			22.1	22.1			22.1	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
Legal Support - Regulations Specialist	43.2	5.0	25.1	1.0	0.0	74.3	74.3	0.0	0.0	74.3	
Lost Revenues Funding Source Switch							156.1	(156.1)		0.0	0

**Water Quality**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearngs  
Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

Lost Revenues for Inspection Travel Businesses < 20 employees

Change Statutory Program Receipts to GF Prgm Receipts

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	
Contractual Support for Reg Development & Facilitation with Industry			5.0			5.0	5.0			5.0	
Including Public Notices, Advertising, Mailing and Copying, Hearngs			22.1			22.1	22.1			22.1	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
Legal Support - Regulations Specialist	75.4	7.5	31.6	1.5	0.0	116.0	116.0	0.0	0.0	116.0	1
Lost Revenues Funding Source Switch							356.8	(78.9)	(277.9)	0.0	0
Lost Revenues for Inspection Travel Businesses < 20 employees							19.2	(19.2)		0.0	0
Change Statutory Program Receipts to GF Prgm Receipts								256.6	(256.6)	0.0	0

**YEAR 3**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	62.2	5.0	3.0	1.0	0.0	71.2	71.2			71.2	1
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>105.4</b>	<b>10.0</b>	<b>33.1</b>	<b>2.0</b>	<b>0.0</b>	<b>150.5</b>	<b>150.5</b>	<b>0.0</b>	<b>0.0</b>	<b>150.5</b>	<b>2</b>

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings						0.0				0.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>1</b>

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
Env. Technician II	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			2.5			2.5	2.5			2.5	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>50.8</b>	<b>5.0</b>	<b>27.6</b>	<b>1.0</b>	<b>0.0</b>	<b>84.4</b>	<b>84.4</b>	<b>0.0</b>	<b>0.0</b>	<b>84.4</b>	<b>1</b>

**YEAR 4+**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	28.1	2.5	1.5	0.5	0.0	32.6	32.6			32.6	0.5
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>71.3</b>	<b>7.5</b>	<b>31.6</b>	<b>1.5</b>	<b>0.0</b>	<b>111.9</b>	<b>111.9</b>	<b>0.0</b>	<b>0.0</b>	<b>111.9</b>	<b>1.5</b>

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings						0.0				0.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>1</b>

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
Env. Technician II	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			2.5			2.5	2.5			2.5	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>50.8</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>81.9</b>	<b>81.9</b>	<b>0.0</b>	<b>0.0</b>	<b>81.9</b>	<b>1</b>

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Solid Waste Management (2344)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#022	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
Justification:							Funding Detail:						
Implementation of HB 361							1004 General Fund Receipts				100.00%		43,165
Total Funding:											100.00%	43,165	

### Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
Total Funding:	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 361 (Fin)

Revision Date/Time (Note if correction) 03/22/00 9:44 AM Dept. Affected Environmental Conservation  
 Title An act relating to charges for state services BRU Environmental Health  
 Component Drinking Water  
 Sponsor House Finance  
 Requester House Finance Component No. 2066

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	43.2	43.2	43.2	43.2	43.2	43.2
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	95.3	25.1	25.1	25.1	25.1	25.1
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	7.5	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>152.0</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>(156.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	152.0	230.4	74.3	74.3	74.3	74.3
1005 GF/Program Receipts		(156.1)				
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>152.0</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>	<b>74.3</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

Please see attached explanation.

Prepared by: Barbara Frank Phone 465-5010  
 Division Administrative Services Date/Time 3/22/00 10:50 AM  
 Approved by Commissioner [Signature] Date 3-22-00  
 Agency Department of Environmental Conservation

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### Reduction in Revenues Collected

The bill limits costs which can be recovered rather than current language that permits full cost recovery. As a result, less revenues can be collected. The department conducted an in depth analysis of the data collected by the Solid Waste program in FY 1999 to project lost revenues. Data collected by the Solid Waste program is the best quality and most complete. It is representative of likely impacts of limiting the hourly rates and reducing the pool of costs which can be recovered. Based on that analysis, program revenues collected would drop by 56%. The committee substitute tempered this by increasing the rate allowed to cover actual benefits. With a delayed implementation date, the loss of revenues is reflected in the second year of the fiscal notes.

A secondary issue is the goal to establish as many fixed fees as possible. It is not possible to project how many fees will be collected as fixed, negotiated agreements or time and materials. Fees collected under negotiated agreements can be treated as statutory program receipts but fixed or time and materials billings may not. A department can not ask for additional GF program receipt authority as an RPL. As a result, the Water Quality fiscal note returns all receipt authority to general fund program receipts.

The committee substitute exempts businesses with less than 20 people from paying for inspection travel. The impact is expected in Water Quality. In Water Quality, collections will be reduced by 19.2 beginning in year 2. This is based on an estimate of 100 state, 200 placer mines, and 190 general permits being issued to businesses with less than 20 employees.

### Tracking Costs and Time and Materials Billings

The intent of the bill is to have fixed fees where feasible. However, when it is not feasible, the department must be able to bill time and materials. Time tracking will be needed at the desktop of individual employees. The costs of time tracking is allocated equally to the programs affected by the bill. The department selected a program the department currently uses called "Timeslips" to respond to the uniform accounting and invoicing system requirements. It is in use by the air and the food safety and sanitation programs.

Savings are available starting in year two by basing the four year fixed fee review on estimated rather than actual costs. Actual costs require the department to do ¼ hour time tracking on all designated regulatory services by all affected employees. Staff will analyze and prepare customized reporting from the time tracking records to support the actual costs adjustments to fixed fees. The agency proposes to use estimated rather than actual costs for both the original and subsequent updates to fixed fees. If that change were made that savings would be:

#### Solid Waste

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Drinking Water and Domestic Wastewater

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Water Quality

Reduce Env Tech II	26.1
Reduce Time Accounting	19.1

Total Savings Available 187.8

Increased Costs for Regulatory Process, Negotiation, Appeals and Petitions

Third, the bill increases costs by requiring the agency to set standard designated regulatory services fees in regulation; by allowing permittees to negotiate permit costs; and allowing appeals of charges based on both objective and subjective criteria.

There is a strong preference to have predictable fixed fees for services. Initially the fixed fees are estimates but in future revisions the committee substitute requires actuals. Developing those fixed fees will require examination of invoices and records to date to categorize different activities. Using the regulatory process will require program staff to examine similarities in services, administrative staff to assign costs, a regulation specialist to prepare regulatory language, and services of an attorney. Contractual costs will be incurred for public notices and hearings.

Appeals are permitted and envisioned on the billings. Resolving informal and formal appeals will require program staff to examine the text of the billing, administrative staff to research comparables and assign costs, and will also require the assistance of a regulations specialist. The committee substitute reduces the need for assistance from a paralegal after the initial regulation process in year 1.

**YEAR 1**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			100.0			100.0	100.0			100.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>43.2</b>	<b>5.0</b>	<b>183.3</b>	<b>1.0</b>	<b>7.5</b>	<b>240.0</b>	<b>240.0</b>	<b>0.0</b>	<b>0.0</b>	<b>240.0</b>	<b>1</b>

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			12.0			12.0	12.0			12.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>43.2</b>	<b>5.0</b>	<b>95.3</b>	<b>1.0</b>	<b>7.5</b>	<b>152.0</b>	<b>152.0</b>	<b>0.0</b>	<b>0.0</b>	<b>152.0</b>	<b>1</b>

**Water Quality**

Increased Costs to Implement HB:

(Regulations)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	70.3	5.0	3.0	1.0	7.5	86.8	86.8			86.8	1
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			45.0			45.0	45.0			45.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>113.5</b>	<b>10.0</b>	<b>131.3</b>	<b>2.0</b>	<b>15.0</b>	<b>271.8</b>	<b>271.8</b>	<b>0.0</b>	<b>0.0</b>	<b>271.8</b>	<b>1</b>

**YEAR 2**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	62.2	5.0	3.0	1.0	7.5	78.7	78.7			78.7	1
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 2:</b>	<b>105.4</b>	<b>10.0</b>	<b>33.1</b>	<b>2.0</b>	<b>7.5</b>	<b>158.0</b>	<b>158.0</b>	<b>0.0</b>	<b>0.0</b>	<b>158.0</b>	<b>1</b>
Lost Revenues Funding Source Switch							230.4	(230.4)		0.0	

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 2:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>1</b>
Lost Revenues Funding Source Switch							156.1	(156.1)		0.0	

**Water Quality**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

Lost Revenues for Inspection Travel Businesses < 20 employees

Change Statutory Program Receipts to GF Prgm Receipts

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 2:</b>	<b>75.4</b>	<b>7.5</b>	<b>31.6</b>	<b>1.5</b>	<b>0.0</b>	<b>116.0</b>	<b>116.0</b>	<b>0.0</b>	<b>0.0</b>	<b>116.0</b>	<b>1</b>
Lost Revenues Funding Source Switch							356.8	(78.9)	(277.9)	0.0	
Lost Revenues for Inspection Travel Businesses < 20 employees							19.2	(19.2)		0.0	
Change Statutory Program Receipts to GF Prgm Receipts								256.6	(256.6)	0.0	

**YEAR 3**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	62.2	5.0	3.0	1.0	0.0	71.2	71.2			71.2	1
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
	105.4	10.0	33.1	2.0	0.0	150.5	150.5	0.0	0.0	150.5	2

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
						0.0				0.0	
			22.1			22.1	22.1			22.1	
	43.2	5.0	25.1	1.0	0.0	74.3	74.3	0.0	0.0	74.3	1

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
			2.5			2.5	2.5			2.5	
			22.1			22.1	22.1			22.1	
	50.8	5.0	27.6	1.0	0.0	84.4	84.4	0.0	0.0	84.4	1

**YEAR 4+**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	28.1	2.5	1.5	0.5	0.0	32.6	32.6			32.6	0.5
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
	71.3	7.5	31.6	1.5	0.0	111.9	111.9	0.0	0.0	111.9	1.5

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			22.1			22.1	22.1			22.1	
	43.2	5.0	25.1	1.0	0.0	74.3	74.3	0.0	0.0	74.3	

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0
	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0
			2.5			2.5	2.5			2.5	
			22.1			22.1	22.1			22.1	
	50.8	5.0	25.1	1.0	0.0	81.9	81.9	0.0	0.0	81.9	

### Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Drinking Water (2066)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#019	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
<b>Justification:</b>							<b>Funding Detail:</b>						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
<b>Total Funding:</b>											100.00%	43,165	

**Component Summary:**

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. CSHB 361 (Fin)

Revision Date/Time (Note if correction) 03/23/00 9:28 AM Dept. Affected Environmental Conservation  
 Title An act relating to charges for state services BRU Air and Water  
 Component Water Quality  
 Sponsor House Finance  
 Requester House Finance Component No. 2062

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	113.5	75.4	50.8	50.8	50.8	50.8
Travel	10.0	7.5	5.0	5.0	5.0	5.0
Contractual	131.3	31.6	27.6	25.1	25.1	25.1
Supplies	2.0	1.5	1.0	1.0	1.0	1.0
Equipment	15.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>271.8</b>	<b>116.0</b>	<b>84.4</b>	<b>81.9</b>	<b>81.9</b>	<b>81.9</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>(356.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	271.8	492.0	84.4	81.9	81.9	81.9
1005 GF/Program Receipts		158.5				
1037 GF/Mental Health						
1108 Stat Pgm Receipts		(534.5)				
<b>TOTAL</b>	<b>271.8</b>	<b>116.0</b>	<b>84.4</b>	<b>81.9</b>	<b>81.9</b>	<b>81.9</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time	2	1	0	0	0	0
Part-time	0	1	2	2	2	2
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Please see attached explanation.

Prepared by: Barbara Frank Phone 465-5010  
 Division Administrative Services Date/Time 3/23/00 9:33 AM  
 Approved by Commissioner *K. J. ...* Date 3-22-00  
 Agency Department of Environmental Conservation

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### Reduction in Revenues Collected

The bill limits costs which can be recovered rather than current language that permits full cost recovery. As a result, less revenues can be collected. The department conducted an in depth analysis of the data collected by the Solid Waste program in FY 1999 to project lost revenues. Data collected by the Solid Waste program is the best quality and most complete. It is representative of likely impacts of limiting the hourly rates and reducing the pool of costs which can be recovered. Based on that analysis, program revenues collected would drop by 56%. The committee substitute tempered this by increasing the rate allowed to cover actual benefits. With a delayed implementation date, the loss of revenues is reflected in the second year of the fiscal notes.

A secondary issue is the goal to establish as many fixed fees as possible. It is not possible to project how many fees will be collected as fixed, negotiated agreements or time and materials. Fees collected under negotiated agreements can be treated as statutory program receipts but fixed or time and materials billings may not. A department can not ask for additional GF program receipt authority as an RPL. As a result, the Water Quality fiscal note returns all receipt authority to general fund program receipts.

The committee substitute exempts businesses with less than 20 people from paying for inspection travel. The impact is expected in Water Quality. In Water Quality, collections will be reduced by 19.2 beginning in year 2. This is based on an estimate of 100 state, 200 placer mines, and 190 general permits being issued to businesses with less than 20 employees.

### Tracking Costs and Time and Materials Billings

The intent of the bill is to have fixed fees where feasible. However, when it is not feasible, the department must be able to bill time and materials. Time tracking will be needed at the desktop of individual employees. The costs of time tracking is allocated equally to the programs affected by the bill. The department selected a program the department currently uses called "Timeslips" to respond to the uniform accounting and invoicing system requirements. It is in use by the air and the food safety and sanitation programs.

Savings are available starting in year two by basing the four year fixed fee review on estimated rather than actual costs. Actual costs require the department to do ¼ hour time tracking on all designated regulatory services by all affected employees. Staff will analyze and prepare customized reporting from the time tracking records to support the actual costs adjustments to fixed fees. The agency proposes to use estimated rather than actual costs for both the original and subsequent updates to fixed fees. If that change were made that savings would be:

#### Solid Waste

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Drinking Water and Domestic Wastewater

Delete Env Tech II	52.2
Reduce Time Accounting	19.1

Water Quality

Reduce Env Tech II	26.1
Reduce Time Accounting	19.1

Total Savings Available 187.8

Increased Costs for Regulatory Process, Negotiation, Appeals and Petitions

Third, the bill increases costs by requiring the agency to set standard designated regulatory services fees in regulation; by allowing permittees to negotiate permit costs; and allowing appeals of charges based on both objective and subjective criteria.

There is a strong preference to have predictable fixed fees for services. Initially the fixed fees are estimates but in future revisions the committee substitute requires actuals. Developing those fixed fees will require examination of invoices and records to date to categorize different activities. Using the regulatory process will require program staff to examine similarities in services, administrative staff to assign costs, a regulation specialist to prepare regulatory language, and services of an attorney. Contractual costs will be incurred for public notices and hearings.

Appeals are permitted and envisioned on the billings. Resolving informal and formal appeals will require program staff to examine the text of the billing, administrative staff to research comparables and assign costs, and will also require the assistance of a regulations specialist. The committee substitute reduces the need for assistance from a paralegal after the initial regulation process in year 1.

**YEAR 1**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry						100.0	100.0			100.0	
Including Public Notices, Advertising, Mailing and Copying, Hearings			100.0			100.0	100.0			100.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>43.2</b>	<b>5.0</b>	<b>183.3</b>	<b>1.0</b>	<b>7.5</b>	<b>240.0</b>	<b>240.0</b>	<b>0.0</b>	<b>0.0</b>	<b>240.0</b>	<b>1</b>

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry						12.0	12.0			12.0	
Including Public Notices, Advertising, Mailing and Copying, Hearings			12.0			12.0	12.0			12.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>43.2</b>	<b>5.0</b>	<b>95.3</b>	<b>1.0</b>	<b>7.5</b>	<b>152.0</b>	<b>152.0</b>	<b>0.0</b>	<b>0.0</b>	<b>152.0</b>	<b>1</b>

**Water Quality**

Increased Costs to Implement HB:

(Regulations)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

Total Increased Costs Year 1:

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	70.3	5.0	3.0	1.0	7.5	86.8	86.8			86.8	1
Env. Technician II	43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
Contractual Support for Reg Development & Facilitation with Industry						45.0	45.0			45.0	
Including Public Notices, Advertising, Mailing and Copying, Hearings			45.0			45.0	45.0			45.0	
Time Tracking/Cost Accounting System			62.1			62.1	62.1			62.1	
Legal Support - Regulations Specialist			18.2			18.2	18.2			18.2	
<b>Total Increased Costs Year 1:</b>	<b>113.5</b>	<b>10.0</b>	<b>131.3</b>	<b>2.0</b>	<b>15.0</b>	<b>271.8</b>	<b>271.8</b>	<b>0.0</b>	<b>0.0</b>	<b>271.8</b>	<b>2</b>

**YEAR 2**

**Solid Waste**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	62.2	5.0	3.0	1.0	7.5	78.7	78.7			78.7	
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	
Contractual Support for Reg Development & Facilitation with Industry						5.0	5.0			5.0	
Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 2:</b>	<b>105.4</b>	<b>10.0</b>	<b>33.1</b>	<b>2.0</b>	<b>7.5</b>	<b>158.0</b>	<b>158.0</b>	<b>0.0</b>	<b>0.0</b>	<b>158.0</b>	<b>0</b>
Lost Revenues Funding Source Switch							230.4	(230.4)		0.0	

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	
Contractual Support for Reg Development & Facilitation with Industry						22.1	22.1			22.1	
Including Public Notices, Advertising, Mailing and Copying, Hearings			22.1			22.1	22.1			22.1	
Time Tracking/Cost Accounting System			25.1			25.1	25.1			25.1	
<b>Total Increased Costs Year 2:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>0</b>
Lost Revenues Funding Source Switch							156.1	(156.1)		0.0	

**Water Quality**

Increased Costs to Implement HB:

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry

Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Total Increased Costs Year 2:

Lost Revenues Funding Source Switch

Lost Revenues for Inspection Travel Businesses < 20 employees

Change Statutory Program Receipts to GF Prgm Receipts

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	
Contractual Support for Reg Development & Facilitation with Industry						5.0	5.0			5.0	
Including Public Notices, Advertising, Mailing and Copying, Hearings			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 2:</b>	<b>75.4</b>	<b>7.5</b>	<b>31.6</b>	<b>1.5</b>	<b>0.0</b>	<b>116.0</b>	<b>116.0</b>	<b>0.0</b>	<b>0.0</b>	<b>116.0</b>	<b>1</b>
Lost Revenues Funding Source Switch							356.8	(78.9)	(277.9)	0.0	
Lost Revenues for Inspection Travel Businesses < 20 employees							19.2	(19.2)		0.0	
Change Statutory Program Receipts to GF Prgm Receipts								256.6	(256.6)	0.0	

**YEAR 3**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	62.2	5.0	3.0	1.0	0.0	71.2	71.2			71.2	1
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>105.4</b>	<b>10.0</b>	<b>33.1</b>	<b>2.0</b>	<b>0.0</b>	<b>150.5</b>	<b>150.5</b>	<b>0.0</b>	<b>0.0</b>	<b>150.5</b>	<b>2</b>

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System						0.0				0.0	
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>1</b>

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 3:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
Env. Technician II	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System			2.5			2.5	2.5			2.5	
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 3:</b>	<b>50.8</b>	<b>5.0</b>	<b>27.6</b>	<b>1.0</b>	<b>0.0</b>	<b>84.4</b>	<b>84.4</b>	<b>0.0</b>	<b>0.0</b>	<b>84.4</b>	<b>1</b>

**YEAR 4+**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist III	28.1	2.5	1.5	0.5	0.0	32.6	32.6			32.6	0.5
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>71.3</b>	<b>7.5</b>	<b>31.6</b>	<b>1.5</b>	<b>0.0</b>	<b>111.9</b>	<b>111.9</b>	<b>0.0</b>	<b>0.0</b>	<b>111.9</b>	<b>1.5</b>

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Technician II	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System											
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>43.2</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>74.3</b>	<b>74.3</b>	<b>0.0</b>	<b>0.0</b>	<b>74.3</b>	<b>1</b>

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
Env. Specialist IV	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
Env. Technician II	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
Contractual Support for Reg Development & Facilitation with Industry Including Public Notices, Advertising, Mailing and Copying, Hearings Time Tracking/Cost Accounting System			2.5			2.5	2.5			2.5	
			22.1			22.1	22.1			22.1	
<b>Total Increased Costs Year 4+:</b>	<b>50.8</b>	<b>5.0</b>	<b>25.1</b>	<b>1.0</b>	<b>0.0</b>	<b>81.9</b>	<b>81.9</b>	<b>0.0</b>	<b>0.0</b>	<b>81.9</b>	<b>1</b>

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Water Quality (2062)  
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	FT	A	GG	Anchorage	1A	20C	12.0	53,724	0	0	16,560	70,284
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	70,284
											<b>Total Funding:</b>	100.00%	70,284
18-#011	Environmental Tech II	FT	A	GG	Anchorage	1A	12C	12.0	31,068	0	0	12,097	43,165
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
											<b>Total Funding:</b>	100.00%	43,165

### Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	113,449
<b>Total Funding:</b>	100.00%	113,449

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 361

Revision Date/Time (Note if correction)	Dept. Affected
Title "..."relating to charges for state services; requiring that fees levied by resource agencies ..."	Law BRU Civil Division
Sponsor House Finance Committee	Component Environmental Law
Requester House Finance Committee	Component No. Legislation/Regulations 2092, 2209

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	85.5	85.5	57.0	57.0	57.0	57.0
Travel	0.4	2.9	2.8	2.8	2.8	2.8
Contractual	13.8	41.3	11.7	11.7	11.7	11.7
Supplies	1.4	1.4	0.9	0.9	0.9	0.9
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>107.5</b>	<b>131.0</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>

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

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

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	107.5	131.0	72.4	72.4	72.4	72.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>107.5</b>	<b>131.0</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>

Estimate of any current year (FY2000) cost:

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

HB 361 makes a number of significant changes to the way fees are calculated, billed, and tracked by the Departments of Natural Resources, Environmental Conservation, and Fish and Game. The bill provides for negotiation of reimbursable service agreements and for petitions for narrowly crafted regulatory flat fees from either a single agency or multiple agencies. In addition, HB 361 creates a new appeal process where billings can be appealed to the Office of Management and Budget. These changes would take effect July 1, 2001.

Of particular significance to the Department of Law from a cost perspective are: 1) provisions requiring fees levied by the natural resource agencies for designated regulatory services to be based solely on "actual and reasonable direct costs;" (2) a provision requiring resource agencies, upon request, to

Prepared by: <u>Joan M. Kasson</u> <i>Joan M. Kasson</i>	Phone <u>465-5370</u>
Division <u>Attorney General's Office</u>	Date/Time <u>2/21/00, 10:47 AM</u>
Approved by <u>Commissioner</u> <i>Kaelin</i> <u>Bruce M. Botelho, Attorney General</u>	Date <u>2/21/00</u>
Agency <u>Department of Law</u>	

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FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 361

ANALYSIS CONTINUATION

negotiate contractual reimbursable service agreements; (3) a provision requiring resource agencies to adopt industry and geographically specific regulations establishing fixed fees for "standard designated regulatory services;" (4) a provision requiring monthly bills for "designated regulatory services" that provide for each expenditure "sufficient detail to permit a reasonable person to determine whether the time or cost was an actual and reasonable direct cost;" (5) a provision assigning fee review functions to OMB but failing to provide OMB with authority to adopt regulations; (6) provisions requiring natural resource agencies or OMB to adopt certain fee regulations if specified criteria are met; (7) a provision excluding interagency charges from fees; (8) a provision excluding expenses incurred by employees if the employees do not have education, and experience, similar to what would be expected of a person providing an analogous service in the private sector.

These proposed changes will cause a significant increase in the workload of the Department of Law. The department will need to assist in the development and review of numerous new fee regulations prior to the effective date of the act. Regulations related costs will be incurred on an ongoing basis as petitions for new project specific regulations continue to be received and as affected natural resource departments changes their fees in response to changing costs. The Department of Law will also incur costs as the result of increased need to provide advice to natural resource agencies regarding fees, and reimbursable service agreement (RSA) contract approvals.

In the first year that the new fee requirements are effective, we would expect significant litigation clarifying the provisions as to whether a fee is based on actual and reasonable costs, whether a billing was sufficiently detailed, and whether the persons who provided services had qualifications comparable to what would be expected for an analogous service in the private sector. Extensive discovery and use of experts will be required, particularly on the qualifications issue

The qualifications issue is also likely to spark an increase in grievances by resource agency employees and could be expected to have some impact on department costs in defending agency personnel actions. Litigation and associated costs are also likely if OMB is forced to review fee appeals without being granted authority to adopt regulations to govern those appeals. These costs are not included in this fiscal analysis.

Given the number of regulations projects expected to result from this bill, as well as related agency advice, we estimate that an additional three-fourths of a full time attorney would be needed in FY 2001. This would be split between the Environmental Section and Legislation and Regulations. During FY 2002, three-fourths of a full time attorney would continue to be necessary; however, with the shift in emphasis from regulations development to litigation, one-fourth of the position would be devoted to the Legislation and Regulations section and one-half to the Environmental section. In subsequent years we would expect to need one-half of an attorney position, split equally between the two sections.

In the second year we would also expect to need approximately \$25,000 for outside experts and approximately \$5,000 for direct case costs. In the third and subsequent years experts and direct case costs are estimated at \$5,000.

Full-time equivalent attorney costs are based on the Civil Division's FY 2001 standard attorney cost schedule (\$93.42/hour x 1442 hours = \$134,712). The hourly rate includes all normal overhead costs, such as clerical support, communications, data processing, lease space costs, supplies, etc. One-time new equipment is not included in the rate (\$6 500), nor direct case costs. These are added separately.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 23, 2000

**SUBJECT:** Final CSHB 361(FIN) (Work Order No. 1-LS1299K)

**TO:** Representative Gene Therriault, Chair  
House Finance Committee  
Attn: Shar Smith

**FROM:** Kathryn L. Kurtz *KK*  
Legislative Counsel

Attached is the final you requested.

Please note that I made the change to page 4, line 25 that you requested. The sentence now reads "Unless a negotiated service agreement reached under AS 37.10.052(b) or (c) provides otherwise, a resource agency ..." This is confusing. One can not reach a negotiated service agreement under (c); subsection (c) is about petitioning an agency or OMB to establish a single fee. Subsection (c) does not specify how single fees are to be invoiced (or mention anything about an agreement).

Also in AS 37.10.052(f), I have used the language you provided. However, using "An action taken by a resource agency or the Office of Management and Budget under (c) of this section is not subject to AS 44.62 (Administrative Procedure Act)" would be stylistically preferable.

I just wanted to make sure you were aware of these issues. Perhaps you can share this information with the next committee so it can be resolved.

KLK:pl  
00-106.plm

*adopted*

*3/21/00  
pmm*

**CS FOR HOUSE BILL NO. 361(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to charges for state services; requiring that fees levied by  
 2 resource agencies for designated regulatory services be based on the actual and  
 3 reasonable direct cost of providing the services, except in the case of certain  
 4 negotiated or fixed fees; relating to negotiated and fixed fees of resource  
 5 agencies; relating to invoices for designated regulatory services; establishing a  
 6 petition process regarding fees charged by resource agencies for regulatory  
 7 services; and providing for an effective date."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 \* Section 1. AS 37.10.050 is repealed and reenacted to read:

10       **Sec. 37.10.050. Charges for state services; collection, accounting, and**  
 11 **deposit of state money.** (a) A state agency may not charge a fee for the provision  
 12 of state services unless the fee (1) is set or otherwise authorized by statute; and (2)  
 13 where a regulation is necessary, is set by or provided for in a regulation that meets the

1 standards of AS 44.62.020 and 44.62.030. Unless specifically exempted by statute, a  
2 state agency authorized to collect or receive fees, licenses, taxes, or other money  
3 belonging to the state shall account for and remit the receipts, less fees to which the  
4 collector is entitled by statute or regulation, to the Department of Revenue at least  
5 once each month. The commissioner of administration shall separately account under  
6 AS 37.05.142 for receipts deposited under this subsection. A fee or other charge that  
7 is set by regulation may not exceed the estimated actual costs of the state agency in  
8 administering the activity or providing the service unless otherwise provided by the  
9 statute under which the regulation is adopted; however, this limitation does not apply  
10 to sales of property by a state agency or fees charged by a resource agency for a  
11 designated regulatory service as defined in AS 37.10.058.

12 (b) Money collected for the state shall be deposited by the collector in the  
13 nearest bank to the account of the Department of Revenue when the Department of  
14 Revenue directs this to be done.

15 (c) Except as provided in AS 37.10.052(a), each state agency shall annually  
16 review fees collected by the agency. By October 1, each state agency shall submit a  
17 report to the office of management and budget regarding existing fee levels set by the  
18 agency by regulation and adjustments made to fee levels by the agency during the  
19 previous fiscal year, and recommended adjustments in fees set by statute that the  
20 agency collects. Each year by December 15, the office of management and budget  
21 shall submit a report to the Legislative Budget and Audit Committee summarizing the  
22 reports and recommendations and the extent to which the fee adjustments have been  
23 incorporated in the governor's budget. Within 30 days after the convening of each  
24 regular session of the legislature, the committee shall prepare a report on the status of  
25 fee regulations and making recommendations for changes in regulations or statutes as  
26 appropriate. The committee shall notify the legislature that the report is available.

27 \* **Sec. 2.** AS 37.10 is amended by adding new sections to read:

28 **Sec. 37.10.052. Fees levied by resource agencies for designated regulatory**  
29 **services; negotiated service agreements.** (a) Each resource agency shall, by  
30 regulation, establish a list of fixed fees for standard designated regulatory services that  
31 it provides. A fixed fee adopted under this subsection may not exceed the estimated

1 average reasonable direct cost incurred by the resource agency in providing the  
2 standard designated regulatory service. The resource agency shall provide an  
3 explanation of the basis for this determination upon request. The resource agency shall  
4 review the list of fixed fees at least once every four years, identify any changes in the  
5 average actual and reasonable direct cost of providing each standard designated  
6 regulatory service for which a fixed fee has been established, and, by regulation, adjust  
7 the fees accordingly. The agency shall include the results of its review in the report  
8 submitted under AS 37.10.050(c).

9 (b) In the case of a designated regulatory service for which a resource agency  
10 has not established a fixed fee under (a) of this section, a resource agency shall, at the  
11 request of the person who will be billed for a designated regulatory service, attempt  
12 to reach a negotiated service agreement for provision of that service. A negotiated  
13 service agreement that is reached under this subsection is a contract that is enforceable  
14 by either party under generally applicable contract remedies provided by law. A  
15 negotiated service agreement reached under this subsection may include

- 16 (1) the amount of the fee;  
17 (2) the structure or methodology by which the fee will be charged;  
18 (3) deadlines, sequences, or milestones for the provision of the  
19 regulatory service; and  
20 (4) other matters reasonably related to the cost of, or procedures for,  
21 the provision of the regulatory service.

22 (c) A person requiring more than one regulatory service for an activity may  
23 petition the resource agency that will provide the services or, if more than one resource  
24 agency will provide a regulatory service, the office of management and budget to  
25 establish a single fee for all regulatory services that are required for that class of  
26 activities. The resource agency or office of management and budget, as appropriate,  
27 shall grant the petition if it finds that the proposed fee meets the applicable  
28 requirements of this subsection and is likely to be used by the resource agency or  
29 office of management and budget more than once. If a petition under this subsection  
30 is granted, the resource agency or the office of management and budget shall make  
31 available to the public information concerning the single fee, including, a list of

1 regulatory services to be provided and the amount of the fee. If the resource agency  
2 or the office of management and budget denies the petition, the agency or office shall  
3 serve upon the petitioner a statement setting out the agency's or office's reasons for  
4 denial. The single fee under this subsection must be

5 (1) confined to the distinct economic sector in which the petitioner is  
6 or proposes to be engaged;

7 (2) where necessary, limited by geography, facility size or capacity, or  
8 other relevant factors so as to provide a reasonable assurance that only similarly  
9 situated activities, with respect to cost, are included within the fixed fee;

10 (3) likely to be used by the resource agency more than once; and

11 (4) based on the estimated average reasonable direct cost of each  
12 designated regulatory service required for the activity and the average fee customarily  
13 charged for a regulatory service other than a designated regulatory service discounted  
14 by the amount of savings that may be achieved by avoiding regulatory overlap and,  
15 where applicable, coordinating multi-agency review of the activity to the maximum  
16 extent possible.

17 (d) Except for fees determined under (a), (b), or (c) of this section or in  
18 AS 37.10.056, a fee levied by a resource agency for a designated regulatory service  
19 must be based solely on the actual and reasonable direct cost incurred by the resource  
20 agency in providing the designated regulatory service to the person on whom that fee  
21 is levied, computed on a time-and-expense basis.

22 (e) Nothing in this section authorizes or requires a resource agency to charge  
23 a fee for a designated regulatory service.

24 **Sec. 37.10.054. Invoices for designated regulatory services.** (a) Unless a  
25 negotiated service agreement reached under AS 37.10.052(b) provides otherwise, a  
26 resource agency charging a fee for providing a designated regulatory service other than  
27 a standard designated regulatory service for which a fixed fee has been established  
28 under AS 37.10.052(a) shall, on a monthly basis, provide the person who will be billed  
29 for the service with an invoice for services performed during that month. The invoice  
30 must be reasonably convenient to the reader, and reasonably susceptible to audit. The  
31 invoice must set out, in time increments of not greater than one-quarter hour for each

1 employee, and separately for each expenditure, the purpose of the time or expenditure  
2 in sufficient detail to permit a reasonable person to determine whether the time or cost  
3 was an actual and reasonable direct cost.

4 (b) If a person believes that an invoice rendered under (a) of this section  
5 exceeds the actual and reasonable direct cost of providing the designated regulatory  
6 service, the person may, within 30 days after receiving the invoice, request that the  
7 resource agency review the invoice. The resource agency shall review the invoice  
8 under the standards of this section and issue its final decision on the invoice within 30  
9 days of receipt of a request for review.

10 (c) A person who timely filed a request for review under (b) of this section  
11 may appeal a resource agency's adverse final decision to the office of management and  
12 budget within 30 days after receipt of the decision. The office of management and  
13 budget shall, within 30 days after receiving an appeal under this subsection, review the  
14 matter de novo under the standards of this section and take action appropriate under  
15 those standards. If the office of management and budget affirms the resource agency's  
16 decision, the person appealing must pay the reasonable direct cost of the appeal.

17 **Sec. 37.10.056. Petitions to adopt regulations.** A person requiring a  
18 designated regulatory service from a resource agency may petition the resource agency  
19 under AS 44.62.220 and 44.62.230 to adopt regulations that would establish, for a  
20 category of designated regulatory services, a fixed fee that is

21 (1) confined to the distinct economic sector in which the petitioner is  
22 or proposes to be engaged;

23 (2) where necessary, limited by geography, facility size or capacity, or  
24 other relevant factors so as to provide a reasonable assurance that only similarly  
25 situated regulatory services, with respect to cost, are included within the fixed fee;

26 (3) likely to be used by the resource agency more than once; and

27 (4) based on the average reasonable direct cost incurred by the agency  
28 in providing the designated regulatory service.

29 **Sec. 37.10.058. Definitions.** In AS 37.10.050 - 37.10.058,

30 (1) "agency" means a board, commission, or agency in the legislative,  
31 judicial, or executive branch, but does not include the University of Alaska or a public

1 corporation;

2 (2) "designated regulatory service" means a regulatory service provided  
3 under the following regulatory programs:

4 (A) control of solid waste facilities under AS 46.03.020(10)(D)  
5 and (E);

6 (B) regulation of sewerage systems and treatment works and  
7 wastewater disposal systems, and drinking water systems, under AS 46.03.720;

8 (C) regulation of the disposal of waste into waters of the state  
9 under AS 46.03.100;

10 (D) certification of federal permits or authorizations under 33  
11 U.S.C. 1341 (sec. 401, Clean Water Act); and

12 (E) : coastal management consistency determination relating to  
13 a permit or authorization issued under a program listed in (A) - (D) of this  
14 paragraph, if the determination is made by the agency issuing the permit or  
15 authorization;

16 (3) "direct cost" means the hourly rate of salary and benefits of each  
17 agency employee, including clerical staff, directly involved in providing a regulatory  
18 service, multiplied by the number of hours spent in performing the service, together  
19 with the expenditures for goods or third-party services made in providing that service;  
20 "direct cost" does not include

21 (A) the costs and salaries of administrative, support, or  
22 supervisory personnel who are not directly engaged in providing the service;

23 (B) other budgeted overhead expenses, including rent and  
24 utilities;

25 (C) interagency charges that would not meet the requirements  
26 of AS 37.10.052 - 37.10.058 if those charges had been incurred or invoiced by  
27 the agency providing the designated regulatory service;

28 (D) public consultation costs when the consultation is not  
29 required by law;

30 (E) costs related to an appeal of permit issuance by a person  
31 other than the applicant for that permit; or

- 1 (F) expenses that are not reasonably necessary to comply with  
2 the law under which the service is provided;
- 3 (4) "distinct economic sector" means a commercial or industrial  
4 segment, or other category of land or water use, that, because of common operational,  
5 environmental, or other factors, tends to require similar designated regulatory services;  
6 each of the following is an example of a "distinct economic sector": (A) oil and gas  
7 exploration, development, and production; (B) oil and gas processing and refining; (C)  
8 mineral exploration, development and production; (D) coal exploration, development  
9 and production; (E) commercial fishing; (F) seafood processing; (G) timber harvest;  
10 (H) timber processing; and (I) residential development; nothing in this paragraph  
11 precludes a resource agency from further subdividing activities listed in (A) - (I) of  
12 this paragraph into more appropriate subcategories;
- 13 (5) "fee" means a charge assessed or requested by a state agency for  
14 the provision of a service to, the incurring of a burden or cost because of, or the  
15 conferring of a benefit upon, a person; "fee" does not include charges assessed or  
16 requested by the Department of Natural Resources for pipeline right-of-way leases  
17 granted under AS 38.35;
- 18 (6) "hourly rate of salary and benefits" means the hourly increment of  
19 salary due the state employee under the salary schedule applicable to that employee,  
20 multiplied by 149 percent to account for the cost of employment benefits paid by the  
21 state to or on behalf of the employee;
- 22 (7) "permit" means a permit, license, certificate, or coastal management  
23 consistency determination;
- 24 (8) "regulatory service" includes the following services provided by a  
25 resource agency:
- 26 (A) an analysis, deliberation, testing, inspection, or other review  
27 related to the application for or issuance, modification, extension, or revocation  
28 of a permit; and
- 29 (B) an inspection, testing, monitoring, or compliance review  
30 undertaken under law or the terms of a permit;
- 31 (9) "resource agency" means the Department of Environmental

1 Conservation, the Department of Fish and Game, and the Department of Natural  
2 Resources;

3 (10) "standard designated regulatory service" means designated  
4 regulatory services for categories of activities that do not generally raise complex or  
5 controversial legal, technical, or policy issues.

6 \* Sec. 3. AS 44.46.025(a) is amended to read:

7 (a) Except as otherwise provided in AS 37.10.050 - 37.10.058, the [THE]  
8 Department of Environmental Conservation may adopt regulations that prescribe  
9 reasonable fees, and establish procedures for the collection of those [THE] fees, to  
10 cover the applicable direct costs [, NOT INCLUDING TRAVEL,] of inspections,  
11 permit preparation and administration, plan review and approval, and other services  
12 provided by the department relating to

13 (1) agriculture and animals under AS 03.05; food, drugs, and cosmetics  
14 under AS 17.20; and public accommodations and facilities under AS 18.35;

15 (2) certificates of inspection for motor vehicles under AS 46.14.400 or  
16 46.14.510;

17 (3) sewerage system and treatment works and wastewater disposal  
18 systems, and drinking water systems, under AS 46.03.720;

19 (4) [REPEALED

20 (5) REPEALED

21 (6)] water and wastewater operator training under AS 46.30;

22 (5) [(7)] control of solid waste facilities under AS 46.03.020(10) and  
23 46.03.100;

24 (6) [(8)] certification of laboratories conducting environmental analyses  
25 of public drinking water systems or of oil or hazardous substances, or conducting other  
26 analyses required by the department;

27 (7) [(9)] certification of federal permits or authorizations under 33  
28 U.S.C. 1341 (sec. 401, Clean Water Act).

29 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section  
30 to read:

31 REGULATIONS. Each resource agency providing a designated regulatory service may

1 proceed to adopt regulations necessary to implement this Act. Regulations to implement a  
2 provision of this Act take effect under AS 44.62 (Administrative Procedure Act), but not  
3 before the effective date of secs. 1 - 3 of this Act.

4 \* Sec. 5. Section 4 of this Act takes effect immediately under AS 01.10.070(c).

5 \* Sec. 6. Sections 1 - 3 of this Act take effect July 1, 2001.

3/21/00

adopted N/O  
AMENDMENT |

OFFERED IN THE HOUSE

TO: CSHB 361(FIN)  
Version "I" 3/21/00

Page 3, line 3:

After "basis for"

Delete "this determination upon request"

Insert "the fixed fee"

Page 3, line 22:

After "service"

Insert ", at least one of which is a designated regulatory service,"

Page 4, line 10:

Delete subsection (c)(3)  
Re-number following sections accordingly

Page 4, line 25

After "under"

Delete "AS 37.10.052(b)"

Insert "AS 37.10.052(b) or (c)"

Page 5, line 14

After "section"

Insert "and AS 37.10.052(d)"

Page 7, line 22:

After "certificate,"

Insert "approval,"

Page 7, line 26:

After "inspection,"

Insert "approval,"

Page 8, line 7

After "37.10.050 - "

Delete "37.10.058"

Insert "37.10.056"

AMENDMENT

2 Adopt

#2

OFFERED IN THE HOUSE

TO: CSHB 361(FIN)  
Version "I" 3/21/00

Page 2, line 10:

After "to"

Delete "sales"

Insert "sale or lease"

Page 4, line 3:

Delete "serve upon"

Insert "provide to"

Page 4, following line 23:

Insert "(f) No action taken by a resource agency or the Office of Management and Budget under (c) of this section is subject to AS 44.62 (Administrative Procedure Act)."

Page 7, line 16:

After "Resources"

Delete "for"

Insert "associated with"

Page 8, line 31:

After "service"

Insert "and the Office of Management and Budget"

AMENDMENT

#3

*Adopted*

OFFERED IN THE HOUSE

BY REPRESENTATIVE PHILLIPS

TO: CSHB 361(FIN)

1 Page 6, line 31:

2 Delete "or"

3 Page 7, line 2, following "provided;":

4 Insert "or

5 "(G) travel expenses for inspecting businesses having not more

6 than 20 employees;"

Replacement

failed

AMENDMENT 4

By Representative

John Davies

Offered in the House

To: CSHB 361 (FIN) v.I

Page 6, line 12 following (E)

Insert "food, drugs and cosmetics under AS 17.20;"

And reletter the following subparagraphs accordingly.



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

### Committee on Finance

Official Business

State Capitol  
Juneau, Alaska 99801-1182

#### HB 361 Fees for State Service Sponsor Statement

For many years, the Legislature has debated the issue of appropriate fees for permits provided by the state's resource agencies, particularly the Department of Environmental Conservation. While policy direction has been given through the appropriation process, budgetary authorization for the collection and expenditure of program receipts has failed to address two primary questions. First, what is the appropriate level of fees to be assessed for various services? Second, how can the department be held accountable for delivering the services being charged for in the most efficient manner possible?

Several years ago, the House Finance Committee attempted to provide statutory direction for state agency permitting fees through an amendment to HB 144. Initially, the language was found to be too broad in its application. After working with DEC and representatives from the regulated community to refine the language, the bill passed both the House and Senate. However, the bill failed to return to the House for a concurrence vote on the final day of session. Although the bill failed to pass, the process generated two important outcomes. First, it identified the need for industry-wide consensus and discussions among the affected public and private sector entities. Second, it was determined that regulatory efficiency and permit streamlining could be accomplished in relatively small increments.

Over the last year, a great deal of work has been done with the affected departments and members of various resource industries with the goal of establishing a fee structure based on predictability and accountability. HB 361 is the product of this cooperative effort by the legislature, administration and regulated community. HB 361 includes the following provisions:

- 1) Requires fees levied by a resource agency for a "designated regulatory service" to be based on the actual and reasonable direct cost of providing the service.
- 2) Requires each resource agency to establish a schedule of fixed fees for "standard designated regulatory services." These services include simple repetitive permitting activities.
- 3) Requires a resource agency to make an effort to negotiate a reimbursable service agreement at the request of the permittee, unless the activity is covered under a fixed fee. Unsuccessful negotiations result in charges being levied on a time-and-expense basis.
- 4) Requires a resource agency providing a "designated regulatory service" to employ a uniform accounting and invoicing system. Detailed monthly invoices are required for fees charged on a time-and-expense basis. A permittee may appeal the merit of any invoice to the Office of Management and Budget.
- 5) Provides that a person requiring a "designated regulatory service" may petition a resource agency to amend or supplement an existing schedule of fixed fees or establish a fixed fee for a new category of service.
- 6) Provides that a person requiring more than one regulatory service may petition an agency or agencies involved for a single project fee.



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

### *Committee on Finance*

Official Business

**HB 361**  
**Fees for State Service**  
**Sectional Analysis**

State Capitol  
Juneau, Alaska 99801-1182

Section 1: Exempts fees charged by a resource agency for a designated regulatory service as defined in AS 37.10.058 from limitation that "a fee or other charge that is set by regulation may not exceed the estimated actual costs of the state agency in administering the activity or providing the service."

Section 2: Sec. 37.10.052 (a) Requires fees to be based solely on the actual direct cost incurred by a resource agency providing a regulatory service. Fees under this subsection are required to be computed on a time-and-expense basis.

(b) Requires a resource agency to make an effort to negotiate a reimbursable service agreement at the request of the permittee unless the activity is covered under a fixed fee in subsection (c).

(c) Requires each resource agency to establish a list of fixed fees for standard designated regulatory services. Fixed fees are limited to \$250 unless an agency determines that the fee represents the average actual and reasonable direct cost incurred in providing the service.

Sec. 37.10.054 requires a billing agency to employ a uniform accounting and invoicing system. Monthly billing must be provided when charges are based upon actual time and expenses. Subsection (c) grants the permittee the right to appeal the merit of an invoice to the Office of Management and Budget if they believe the invoice exceeds the actual direct costs of providing the service.

Sec. 37.10.056 Establishes a process for a permittee, requiring a designated regulatory service, to petition the resource agency to adopt regulations that would (1) amend or supplement the agency's list of services; or (2) establish a fixed fee for a category of services. This section also sets up a process for a person requiring more than one regulatory service to petition the agency or agencies involved to adopt a single project fee.

Sec. 37.10.058 Defines actual and reasonable direct cost, designated regulatory service, resource agency, and other terminology used in this Act.

Section 3: Technical change to the Department of Environmental Conservation's statutes to correspond to new sections AS 37.10.050 – 37.10.058.

Section 4: Grants all resource agencies providing designated regulatory services the authority to proceed to adopt regulations necessary to implement this Act.

Section 5: Establishes an immediate effective date for section 4 of this Act.

Section 6: Establishes an effective date of July 1, 2001 for sections 1 – 3 of this Act.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 361

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected Environmental Conservation  
 Title An act relating to charges for state services BRU Environmental Health  
 Component Solid Waste Management  
 Sponsor House Finance  
 Requester House Finance Component No. 2344

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	43.2	105.4	105.4	71.3	71.3	71.3
Travel	5.0	10.0	10.0	7.5	7.5	7.5
Contractual	183.3	51.3	51.3	49.8	49.8	49.8
Supplies	1.0	2.0	2.0	1.5	1.5	1.5
Equipment	7.5	7.5	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>240.0</b>	<b>176.2</b>	<b>168.7</b>	<b>130.1</b>	<b>130.1</b>	<b>130.1</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>(247.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts			-			
1003 GF Match						
1004 GF	240.0	424.0	168.7	130.1	130.1	130.1
1005 GF/Program Receipts		(247.8)				
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>240.0</b>	<b>176.2</b>	<b>168.7</b>	<b>130.1</b>	<b>130.1</b>	<b>130.1</b>

Estimate of any current year (FY2000) cost: 0.0

**POSITIONS**

Full-time	1	2	2	1	1	1
Part-time	0	0	0	1	1	1
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Please see attached explanation.

Prepared by: Barbara Frank Phone 465-5010  
 Division Administrative Services Date/Time 2/21/00 4:53 PM  
 Approved by Commissioner *Paul Fiedler* Date 2-22-00  
 Agency Department of Environmental Conservation

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HB 361 affects three programs within the Department of Environmental Conservation: Drinking Water and Domestic Wastewater; Solid Waste; and Water Quality.

HB 361 reduces revenues which can be collected; it increases costs by requiring tracking to support fees based on actual direct and reasonable costs; and it increases costs by setting a regulatory process for establishing fees, negotiations, petitions and appeals.

### **Reduction in Revenues Collected**

First, the bill limits costs which can be recovered rather than current language that permits full cost recovery. As a result, less revenues can be collected.

The department conducted an in depth analysis of the data collected by the Solid Waste program in FY 1999 to project lost revenues. Data collected by the Solid Waste program is the best quality and most complete. It is representative of likely impacts of limiting the hourly rates and reducing the pool of costs which can be recovered. Based on that analysis, program revenues collected would drop by 56%.

Specific findings were:

- Actual hours billed totaled 3,109.4. Under the proposal, billable hours would be 2868.9, a reduction of 240.5 hours. This is an 8% reduction in billable hours.
- Actual amount billed totaled \$267,271.76. Under the proposal, amount billed would be \$117,942.51, a reduction of \$149,329.25. This is a 56% reduction in amount billed.

With a delayed implementation date, the loss of revenues is reflected in the second year of the fiscal notes.

### **Increased Costs to Track Actual, Director and Reasonable Costs**

Second, the bill increases costs in tracking actual, direct and reasonable costs. Time tracking will be needed at the desktop of individual employees. The costs of time tracking is allocated equally to the three programs affected by the bill.

The department selected a program the department currently uses called "Timeslips" to respond to the uniform accounting and invoicing system requirements. It is in use by the air and the food safety and sanitation programs. To expand this system to additional

programs, the estimated cost would be 120.0 for the one time costs and ~~68.3~~<sup>63.0</sup> per year in system maintenance and administration. It can not be interfaced to the state accounting system or payroll systems, thus entry of actual and direct costs will be a manual process.

Detail of the costs follows:

One time costs:

Software	10.0
Per Workstation Fee (150 units)	15.0
Technical Support	20.0
Data Conversion	35.0
Training	25.0
Customized Reporting	15.0

Annual recurring costs:

Technical support	15.0
Accounting – reconciliation, interface with state accounting and payroll, reporting	45.0
Supplies	3.0

**Increased Costs for Regulatory Process, Negotiation, Appeals and Petitions**

Third, the bill increases costs by

1. requiring the agency to set standard designated regulatory services fees in regulation;
2. by allowing permittees to negotiate permit costs;
3. allowing appeals of charges based on both objective and subjective criteria; and
4. providing the permittee the ability to petition for new regulations for a standalone standard designated regulatory service, for several services which cross agency programs, or for services which cross resource agencies

The bill as proposed provides three types of fees

1. Fixed;
2. Negotiated; and
3. Time and Materials.

There is a strong preference to have predictable fixed fees for services. Developing those fixed fees will require examination of invoices and records to date to categorize different

activities into standard services. Once sorted by category, the average actual direct and reasonable costs will be calculated. A regulation package will be developed for public notice. The public notices process will occur, with appropriate revisions. This process will take about 18 months to develop the initial fixed fees. Using the regulatory process will require program staff to examine similarities in services, administrative staff to assign costs, a regulation specialist to prepare regulatory language, and services of an attorney. Contractual costs will be incurred for public notices and hearings.

Appeals are permitted and envisioned on the billings. Qualifications of staff may be appealed. The necessity of expenditures may be appealed. Resolving informal and formal appeals will require program staff to examine the text of the billing, administrative staff to research comparables and assign costs, and will also require the assistance of a regulations specialist.

The bill also provides redundant language to allow petitions. This language duplicates rights already available to permittees and may result in more petitions. The regulation specialist will manage this process.

Spreadsheets are attached which detail the lost revenues, increased costs of time tracking and costs for the regulatory, negotiation, appeal and petition processes.

**YEAR 1**

**Solid Waste**

Increased Costs to Implement HB:  
(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
		100.0			100.0	100.0			100.0	
		62.1			62.1	62.1			62.1	
		18.2			18.2	18.2			18.2	
43.2	5.0	183.3	1.0	7.5	240.0	240.0	0.0	0.0	240.0	1

**Drinking Water & Domestic Wastewater**

Increased Costs to Implement HB:  
(Regulations)

Env. Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
		12.0			12.0	12.0			12.0	
		62.1			62.1	62.1			62.1	
		18.2			18.2	18.2			18.2	
43.2	5.0	95.3	1.0	7.5	152.0	152.0	0.0	0.0	152.0	1

**Water Quality**

Increased Costs to Implement HB:  
(Regulations)

Env Specialist IV  
Env Technician II

(Other Related Costs)

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
Legal Support - Regulations Specialist

Total Increased Costs Year 1:

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
70.3	5.0	3.0	1.0	7.5	86.8	86.8			86.8	1
43.2	5.0	3.0	1.0	7.5	59.7	59.7			59.7	1
		45.0			45.0	45.0			45.0	
		62.1			62.1	62.1			62.1	
		18.2			18.2	18.2			18.2	
113.5	10.0	131.3	2.0	15.0	271.8	271.8	0.0	0.0	271.8	2

## Personal Services New Position Detail

Department of Environmental Conservation

HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
 Component: Solid Waste Management (2344)  
 BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#022	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165

**Justification:**

Implementation of HB 361

**Funding Detail:**

1004	General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>		100.00%	43,165

**Component Summary:**

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Drinking Water (2066)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#019	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
<b>Justification:</b>							<b>Funding Detail:</b>						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
<b>Total Funding:</b>											100.00%	43,165	

Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2001 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Water Quality (2062)  
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	FT	A	GG	Anchorage	1A	20C	12.0	53,724	0	0	16,560	70,284
<b>Justification:</b>							<b>Funding Detail:</b>						
Implementation of HB 361							1004	General Fund Receipts				100.00%	70,284
											<b>Total Funding:</b>	100.00%	70,284
18-#011	Environmental Tech II	FT	A	GG	Anchorage	1A	12C	12.0	31,068	0	0	12,097	43,165
<b>Justification:</b>							<b>Funding Detail:</b>						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
											<b>Total Funding:</b>	100.00%	43,165

**Component Summary:**

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	113,449
<b>Total Funding:</b>	100.00%	113,449

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**YEAR 2**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 2:**

**Lost Revenues Funding Source Switch**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
						78.7	78.7			78.7	1
	62.2	5.0	3.0	1.0	7.5	78.7	78.7			78.7	1
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
	105.4	10.0	51.3	2.0	7.5	176.2	176.2	0.0	0.0	170.2	2
							247.8	(247.8)		0.0	

**YEAR 2**

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 2:**

**Lost Revenues Funding Source Switch**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
						52.2	52.2			52.2	1
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
	43.2	5.0	43.3	1.0	0.0	92.5	92.5	0.0	0.0	92.5	1
							188.3	(188.3)		0.0	

**YEAR 2**

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 2:**

**Lost Revenues Funding Source Switch**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
						36.7	36.7			36.7	0.5
	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
	75.4	7.5	49.8	1.5	0.0	134.2	134.2	0.0	0.0	134.2	1.5
							384.3	(85.0)	(299.3)		

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY 2002 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Solid Waste Management (2344)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#020	Environmental Spec III	FT	A	GG	Anchorage	1A	18 C	12.0	47,004	0	0	15,236	62,240
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	62,240
											<b>Total Funding:</b>	100.00%	62,240
18-#022	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
											<b>Total Funding:</b>	100.00%	43,165

### Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	105,405
<b>Total Funding:</b>	100.00%	105,405

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2002 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Drinking Water (2066)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#019	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
<b>Justification:</b>							<b>Funding Detail:</b>						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
<b>Total Funding:</b>											100.00%	43,165	

### Component Summary:

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2002 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Water Quality (2062)  
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	PT	A	GG	Anchorage	1A	20 C	6.0	26,862	0	0	5,292	32,154
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	32,154
											Total Funding:	100.00%	32,154
18-#011	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
											Total Funding:	100.00%	43,165

### Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	75,319
Total Funding:	100.00%	75,319

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**YEAR 3**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 3:**

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
62.2	5.0	3.0	1.0	0.0	71.2	71.2			71.2	1
43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
		5.0			5.0	5.0			5.0	
		22.1			22.1	22.1			22.1	
		18.2			18.2	18.2			18.2	
105.4	10.0	51.3	2.0	0.0	168.7	168.7	0.0	0.0	168.7	2

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 3:**

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
					0.0				0.0	
		22.1			22.1	22.1			22.1	
		18.2			18.2	18.2			18.2	
43.2	5.0	43.3	1.0	0.0	92.5	92.5	0.0	0.0	92.5	1

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System

Legal Support - Regulations Specialist

**Total Increased Costs Year 3:**

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
		2.5			2.5	2.5			2.5	
		22.1			22.1	22.1			22.1	
		18.2			18.2	18.2			18.2	
50.8	5.0	45.8	1.0	0.0	102.6	102.6	0.0	0.0	102.6	1

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2003 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Solid Waste Management (2344)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#020	Environmental Spec III	FT	A	GG	Anchorage	1A	18 C	12.0	47,004	0	0	15,236	62,240
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	62,240
											Total Funding:	100.00%	62,240
18-#022	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0	31,068	0	0	12,097	43,165
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	43,165
											Total Funding:	100.00%	43,165

### Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	105,405
<b>Total Funding:</b>	<b>100.00%</b>	<b>105,405</b>

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services New Position Detail**

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2003 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Drinking Water (2066)  
BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#019	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0		31,068	0	0	12,097	43,165
<b>Justification:</b>							<b>Funding Detail:</b>							
Implementation of HB 361							1004	General Fund Receipts					100.00%	43,165
<b>Total Funding:</b>												100.00%	43,165	

**Component Summary:**

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	100.00%	43,165

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services New Position Detail**

Department of Environmental Conservation

HB 361 Fiscal Note - FY2003 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
 Component: Water Quality (2062)  
 BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Cod	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	PT	A	GG	Anchorage	1A	20 C	6.0	26,862	0	0	5,292	32,154
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	32,154
											Total Funding:	100.00%	32,154
18-#011	Environmental Tech II	PT	A	GG	Anchorage	1A	12 C	6.0	15,534	0	0	3,060	18,594
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	18,594
											Total Funding:	100.00%	18,594

**Component Summary:**

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	50,748
Total Funding:	100.00%	50,748

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**YEAR 4+**

**Solid Waste**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist III  
 Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
 Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
 Legal Support - Regulations Specialist

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	28.1	2.5	1.5	0.5	0.0	32.6	32.6			32.6	0.5
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
<b>Total</b>	<b>71.3</b>	<b>7.5</b>	<b>49.8</b>	<b>1.5</b>	<b>0.0</b>	<b>130.1</b>	<b>130.1</b>	<b>0.0</b>	<b>0.0</b>	<b>130.1</b>	<b>1.5</b>

**Drinking Water & Domestic Wastewater**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
 Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
 Legal Support - Regulations Specialist

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	43.2	5.0	3.0	1.0	0.0	52.2	52.2			52.2	1
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
<b>Total</b>	<b>43.2</b>	<b>5.0</b>	<b>43.3</b>	<b>1.0</b>	<b>0.0</b>	<b>92.5</b>	<b>92.5</b>	<b>0.0</b>	<b>0.0</b>	<b>92.5</b>	<b>1</b>

**Water Quality**

**Increased Costs to Implement HB:**

(Regulations, Negotiations, Appeals, Petitions)

Env. Specialist IV  
 Env. Technician II

**(Other Related Costs)**

Contractual Support for Reg Development & Facilitation with Industry  
 Including Public Notices, Advertising, Mailing and Copying, Hearings

Time Tracking/Cost Accounting System  
 Legal Support - Regulations Specialist

**Total Increased Costs Year 4+:**

	71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
	32.2	2.5	1.5	0.5	0.0	36.7	36.7			36.7	0.5
	18.6	2.5	1.5	0.5	0.0	23.1	23.1			23.1	0.5
			22.1			22.1	22.1			22.1	
			18.2			18.2	18.2			18.2	
<b>Total</b>	<b>50.8</b>	<b>5.0</b>	<b>43.3</b>	<b>1.0</b>	<b>0.0</b>	<b>100.1</b>	<b>100.1</b>	<b>0.0</b>	<b>0.0</b>	<b>100.1</b>	<b>1</b>

## Personal Services New Position Detail

Department of Environmental Conservation  
 HB 361 Fiscal Note - FY2002<sup>4</sup> Projected

Scenario: FY2001 Legislative Fiscal Note Info  
 Component: Solid Waste Management (2344)  
 BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#020	Environmental Spec III	PT	A	GG	Anchorage	1A	18 C	6.0		23,502	0	0	4,630	28,132
Justification:							Funding Detail:							
Implementation of HB 361							1004	General Fund Receipts					100.00%	28,132
												Total Funding:	100.00%	28,132
18-#022	Environmental Tech II	FT	A	GG	Anchorage	1A	12 C	12.0		31,068	0	0	12,097	43,165
Justification:							Funding Detail:							
Implementation of HB 361							1004	General Fund Receipts					100.00%	43,165
												Total Funding:	100.00%	43,165

### Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	71,297
<b>Total Funding:</b>	100.00%	71,297

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

**Personal Services New Position Detail**

Department of Environmental Conservation

HB 361 Fiscal Note - FY2004 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
 Component: Drinking Water (2066)  
 BRU Name: Environmental Health

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Csts
18-#019	Environmental Tech II	FT	A	GG	Anchorage	1A	12C	12.0		31,068	0	0	12,097	43,165

Justification:  
 Implementation of HB 361

Funding Detail:			
1004	General Fund Receipts	100.00%	43,165
Total Funding:		100.00%	43,165

**Component Summary:**

Total New Positions: 1

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	43,165
<b>Total Funding:</b>	<b>100.00%</b>	<b>43,165</b>

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

## Personal Services New Position Detail

Department of Environmental Conservation  
HB 361 Fiscal Note - FY2004 Projected

Scenario: FY2001 Legislative Fiscal Note Info  
Component: Water Quality (2062)  
BRU Name: Air and Water Quality

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	PT	A	GG	Anchorage	1A	20C	6.0	26,862	0	0	5,292	32,154
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	32,154
											Total Funding:	100.00%	32,154
18-#011	Environmental Tech II	PT	A	GG	Anchorage	1A	12C	6.0	15,534	0	0	3,060	18,594
Justification:							Funding Detail:						
Implementation of HB 361							1004	General Fund Receipts				100.00%	18,594
											Total Funding:	100.00%	18,594

**Component Summary:**

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	50,748
Total Funding:	100.00%	50,748

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 361

Revision Date/Time (Note if correction) _____	Dept. Affected <u>Law</u>
Title <u>"...relating to charges for state services; requiring that fees levied by resource agencies ..."</u>	BRU <u>Civil Division</u>
Sponsor <u>House Finance Committee</u>	Component <u>Environmental Law</u>
Requester <u>House Finance Committee</u>	Component No. <u>2092, 2209</u>
	<u>Legislation/Regulations</u>

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	85.5	85.5	57.0	57.0	57.0	57.0
Travel	0.4	2.9	2.8	2.8	2.8	2.8
Contractual	13.8	41.3	11.7	11.7	11.7	11.7
Supplies	1.4	1.4	0.9	0.9	0.9	0.9
Equipment	6.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>107.5</b>	<b>131.0</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	107.5	131.0	72.4	72.4	72.4	72.4
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>107.5</b>	<b>131.0</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>	<b>72.4</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

HB 361 makes a number of significant changes to the way fees are calculated, billed, and tracked by the Departments of Natural Resources, Environmental Conservation, and Fish and Game. The bill provides for negotiation of reimbursable service agreements and for petitions for narrowly crafted regulatory flat fees from either a single agency or multiple agencies. In addition, HB 361 creates a new appeal process where billings can be appealed to the Office of Management and Budget. These changes would take effect July 1, 2001.

Of particular significance to the Department of Law from a cost perspective are: 1) provisions requiring fees levied by the natural resource agencies for designated regulatory services to be based solely on "actual and reasonable direct costs;" (2) a provision requiring resource agencies, upon request, to

Prepared by: <u>Joan M. Kasson</u> <i>Joan M. Kasson</i>	Phone <u>465-5370</u>
Division <u>Attorney General's Office</u>	Date/Time <u>2/21/00, 10:47 AM</u>
Approved by <u>Commissioner</u> <i>Rodger</i> <u>Bruce M. Botelho, Attorney General</u>	Date <u>2/21/00</u>
Agency <u>Department of Law</u>	

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## FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 361

### ANALYSIS CONTINUATION

negotiate contractual reimbursable service agreements; (3) a provision requiring resource agencies to adopt industry and geographically specific regulations establishing fixed fees for "standard designated regulatory services;" (4) a provision requiring monthly bills for "designated regulatory services" that provide for each expenditure "sufficient detail to permit a reasonable person to determine whether the time or cost was an actual and reasonable direct cost;" (5) a provision assigning fee review functions to OMB but failing to provide OMB with authority to adopt regulations; (6) provisions requiring natural resource agencies or OMB to adopt certain fee regulations if specified criteria are met; (7) a provision excluding interagency charges from fees; (8) a provision excluding expenses incurred by employees if the employees do not have education, and experience, similar to what would be expected of a person providing an analogous service in the private sector.

These proposed changes will cause a significant increase in the workload of the Department of Law. The department will need to assist in the development and review of numerous new fee regulations prior to the effective date of the act. Regulations related costs will be incurred on an ongoing basis as petitions for new project specific regulations continue to be received and as affected natural resource departments changes their fees in response to changing costs. The Department of Law will also incur costs as the result of increased need to provide advice to natural resource agencies regarding fees, and reimbursable service agreement (RSA) contract approvals.

In the first year that the new fee requirements are effective, we would expect significant litigation clarifying the provisions as to whether a fee is based on actual and reasonable costs, whether a billing was sufficiently detailed, and whether the persons who provided services had qualifications comparable to what would be expected for an analogous service in the private sector. Extensive discovery and use of experts will be required, particularly on the qualifications issue.

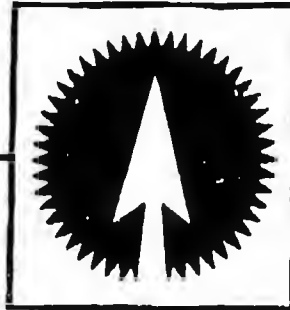
The qualifications issue is also likely to spark an increase in grievances by resource agency employees and could be expected to have some impact on department costs in defending agency personnel actions. Litigation and associated costs are also likely if OMB is forced to review fee appeals without being granted authority to adopt regulations to govern those appeals. These costs are not included in this fiscal analysis.

Given the number of regulations projects expected to result from this bill, as well as related agency advice, we estimate that an additional three-fourths of a full time attorney would be needed in FY 2001. This would be split between the Environmental Section and Legislation and Regulations. During FY 2002, three-fourths of a full time attorney would continue to be necessary; however, with the shift in emphasis from regulations development to litigation, one-fourth of the position would be devoted to the Legislation and Regulations section and one-half to the Environmental section. In subsequent years we would expect to need one-half of an attorney position, split equally between the two sections.

In the second year we would also expect to need approximately \$25,000 for outside experts and approximately \$5,000 for direct case costs. In the third and subsequent years experts and direct case costs are estimated at \$5,000.

Full-time equivalent attorney costs are based on the Civil Division's FY 2001 standard attorney cost schedule (\$93.42/hour x 1442 hours = \$134,712). The hourly rate includes all normal overhead costs, such as clerical support, communications, data processing, lease space costs, supplies, etc. One-time new equipment is not included in the rate (\$6,500), nor direct case costs. These are added separately.

## Alaska Forest Association, Inc.



111 STEDMAN SUITE 200  
KETCHIKAN, ALASKA 99901-8599  
Phone 907-225-6114  
FAX 907-225-5920

February 21, 2000

The Honorable Gene Therriault  
Chairman, House Finance Committee  
Alaska House of Representatives  
State Capitol, Room 511  
Juneau, AK 99801

**Re: House Bill 361**

Dear Representative Therriault,

Thank you for introducing HB 361, streamlining the fees charged by resource agencies for services. The Alaska Forest Association fully supports HB 361 because reform in the fee structures used by resource agencies is long overdue. HB 361 limits fees charged for services by resource agencies to the actual costs of providing a service. Additionally, HB 361 will help ensure that a resource agency will provide services to industry in a reliable and predictable manner while being able to collect fees for its services more efficiently.

The Alaska Forest Association (AFA) has been an active participant in the Agency Fees Working Group facilitated by the Resource Development Council (RDC) that produced a draft agency fees bill. We are pleased that this draft bill, which was written over a period of several years with input from various industries and from the resource agencies, is before the legislature this session as HB 361. This measure takes an important step forward in the effort to streamline government.

HB 361 creates a uniform framework for setting and collecting of fees charged by resource agencies. By passing HB 361 the Alaska Legislature can strengthen the working relationship between government and industry. The Alaska Forest Association urges the quick passage of HB 361.

Sincerely,

Jack Phelps  
Executive Director

Alaska Support Industry  
**ALLIANCE**  
4220 'B' Street, Suite 200  
Anchorage, AK 99503  
Phone 907.563.2226  
Fax 907.561.8870  
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**GENERAL MANAGER**

Karen Coward



# THE ALLIANCE

... for responsible development of Alaska's Oil, Gas & Mineral Resources

via fax to (907) 465-3884

March 21, 2000

Representative Gene Therriault  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol (MS 3101)  
Juneau, AK 99801-1182

RE: Support for House Bill 361 - Fees for State Services

Dear Representative Therriault:

The Alaska Support Industry Alliance (The Alliance) would like to express strong support for House Bill 361, Fees for State Services. The Alliance is a statewide, non-profit trade organization representing over 350 businesses, organizations and individuals that provide goods and services in support of oil and gas exploration, development and production. Collectively our members employ 29,000 people; 25,000 of those are permanent residents of the state.

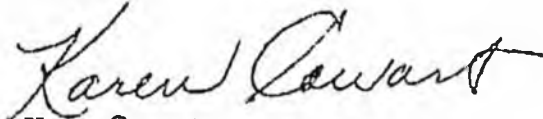
HB 361 sends a clear message that Alaska is open for business, and responsive to the reasonable needs of commerce and trade. As contractors stymied over uncontrollable industry factors this past year, we understand how important it is to our future to portray Alaska as a good place to invest. After all, the global competition is pretty stiff. The truth is that Alaska holds less than 1% of the world's oil reserves. We compete with places where it costs \$5 to produce a barrel of oil and ship it to market. In Alaska costs are significantly higher - \$9 to \$10. To stay competitive, entice investments and survive downswings in oil prices, we must be more efficient and more user-friendly.

Extensive federal, state and local regulations govern all aspects of oil and gas exploration, development and production ... from drilling, road-building, spill prevention and response, to equipment emissions, habitat precautions and waste handling and disposal. Permitting requirements and costs comprise a big chunk of any petroleum project's expense. Creating a resource permitting fee structure that is predictable and accountable will go a long way toward helping investors determine potential project costs and plan accordingly.

The Alliance understands that HB 361 is the product of yearlong coordination and communication between affected state resource agencies and representatives from Alaska's resource industries. We applaud this public-private approach to designing government services that best meet the needs of the public.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Karen Cowart".

Karen Cowart  
General Manager

COUNCIL OF ALASKA PRODUCERS  
HOUSE BILL 361

The Council of Alaska Producers (the Council) is an association representing companies involved in exploration, development and active operation of hard rock mines in Alaska. Our industry is committed to sound operating practices and protection of the environment, and as such we encourage sound environmental regulation and thorough, accurate environmental permitting.

The Council shares the concerns stated in the recent Minerals Commission Report regarding the present inability for companies to acquire state environmental permits in a consistent, expeditious manner due to economic restraints being experienced by the state agencies. We recognize that our industry has a responsibility to fund a substantial portion of the state environmental permitting program. Therefore, we support HB 361 as a vehicle to enable ADEC to collect permitting fees in a structured, accountable and equitable manner.

The Council has been actively involved in the drafting of the HB361. We believe that Ken Freeman, and the working group that wrote this bill have provided a means for fair and accountable invoicing to the applicant. The bill incorporates and encourages fixed fees in acknowledgment that these represent funding predictability for applicants as well as decreased administrative and accounting costs for agencies. The bill also provides for negotiated fee agreements when projects involve complex permit components or extraordinary review and evaluation. HB 361, with its built-in flexibility and its basic assurances of accountability, presents a strong framework for assessing fees in support of environmental permitting.

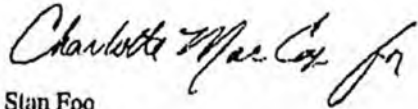
We caution however, that permit fees alone cannot adequately fund state permitting programs, nor can permit fees provide program continuity throughout the boom and bust fluctuations associated with resource development. A stable permitting program, which maintains experience and expertise within the core staff, requires a multifaceted funding and operating approach. Therefore, HB 361 cannot be adopted in isolation. If this bill passes with complacency, without additional support measures being taken by both the Administration and the Legislature, then the bill will only have misled us all into furthering the demise of environmental permitting within our state.

This bill does need to pass, and industry needs to continue its financial support of environmental permitting programs. But we also need the Legislature, the Administration, and the public, to acknowledge that when industry experiences a decline, and fewer permits are required, then the funding to the program dries up. The consequential lay-offs and/or relocation of the experienced employees presents a permanent loss to the program. The agency cannot attract or maintain qualified and experienced personnel in jobs that offer no stability. When economics allow for the industry to resume opening new operations, the state is no longer adequately staffed to review or permit those projects.

The Council proposes the following actions, taken in concert, as necessary for the maintenance of environmental permitting programs in Alaska.

- HB 361 must pass
1. Industry must pay its fair portion of permitting costs as regulated under HB 361.
  2. The Legislature must provide consistent year to year funding to support a core group of experienced permitting managers. The funds should be dedicated to specific appropriate programs to ensure that agency allocation of these funds cannot result in them being diverted to other sectors of a department.
  3. The Administration must aggressively search for and find means to accommodate the use of third party contractors who will work under the core managers to provide permit development support on an as-needed basis. The legislature must help provide the necessary statutory authority to support this third party contracting. The current practice of maintaining permanent state staff for all aspects of permit development does not respond readily to the sporadic demands associated with permitting, nor can a limited number of staff personnel be expected to possess the varied technical and scientific expertise required for responsible permitting in today's world.

The Council of Alaska Producer believes that if we all work together, the Administration, the Industry, and the Legislature, we can provide responsible and reliable environmental permitting for the state of Alaska, ensuring protection of the environment and a sound economic future.



Stan Foo  
President, Council of Alaska Producers



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February 19, 2000

Honorable Gene Therriault  
Co-Chairman  
House Finance Committee  
Capitol Building  
Juneau, AK 99801

RE: House Bill 361; Regarding Fees Charged by Agencies

Dear Representative Therriault,

Thank you for the opportunity to comment on House Bill 361 which deals with the process certain agencies must follow when establishing user fees. HB-361 sets some important "side-boards" on what agencies can include in fees and on how fees can be established.

HB-361 provides that fixed fees of up to a threshold amount of \$250 can be established for "... activities that do not generally raise complex or controversial legal, technical, or policy issues..." with a minimum of effort by the agencies. It also provides a mechanism whereby the public can request that fixed fees be established where they do not already exist. The bill also defines parameters for establishing reimbursable services agreements for large, complex projects that will likely involve the agencies contracting with independent consultants, engineers, biologists, etc. We feel the bill is very important but at the same time recommend three minor changes which follow with new material underlined and material to be removed [**bracketed and bolded**]:

1. In 37.10.058(1)(E) - we recommend that this item be changed so it is clear that an applicant or permittee cannot be charged for a complaint that may be raised by a third party. We recommend that this item be changed to read:

(E) costs related to an appeal or complaint [**of a permit issuance**] by a person other than the applicant for or holder of that permit;

The phrase [**of a permit issuance**] is only one of several items that could be listed. Permit modifications, extensions, revocations, etc. could also be involved. Rather than trying to list all these items and risking leaving out some specific item, it is better to remove limiting phrase. Furthermore, various third parties may wish to harass a project by complaining to the agency so inspections will be made. If this occurs, the applicant or permittee must not be required to pay for this.

2. In 37.10.058(1) - we recommend addition of a new item (H) to read:

(H) costs related to travel and inspection under 37.10.052(c):

It is not feasible to include travel and inspection costs in fixed fees. Firstly, it would be impossible to incorporate costs in a manner that would be fair to projects that are in or near a major city attached to the road system and at the same time be fair to projects that are in the bush. Secondly, a mechanism is needed to insure that persons opposing projects cannot allege problems and an agency use this as an excuse to do multiple inspections, charging the permittee for each. Lastly, inspections and associated travel that is not part of a negotiated reimbursable services agreement should be covered by General Fund monies.

3. In 37.10.058(1) - we recommend addition of a new item (I) to read:

(I) costs related to developing information and data under 37.10.052(c) that the applicant or permittee can provide.

An applicant or permittee should not have to pay for the agency to develop information and data that the applicant or permittee already has available or will develop himself for the agency to use.

Thank you for your consideration of our comments. We urge that these be incorporated into the bill and that HB-361 be passed and become law at the earliest feasible date.

Sincerely,



Steven C. Borell, P.E.  
Executive Director