

HEB

361

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/4/00

REPORTED OUT OF
SFC 4/14/00

FURTHER:

DATE TURNED
IN TO OFFICE: 4/14/00

Finance Committee considered

CS FOR HOUSE BILL NO. 361(FIN)

FEEES FOR STATE SERVICE

and recommends:

- be replaced with CS CS #13 361 (Fin)
- adopt previous CS Forthcoming
- attached amendment(s) ES
- adopt Letter of Intent by
- further referral to the Committee

- Senate Bill:
 - same title
 - new title
- House Bill:
 - same title
 - technical title
 - new: SCR#

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i> (I'm still concerned about fiscal notes)	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair:			
Co-Chair: <i>[Signature]</i>		Co-Chair:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
			<i>Forthcoming</i>
			<i>FIN</i>

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 9/14/00

BILL NO. SCS CSHB 361(FIN)

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

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		28.5	28.5	28.5	28.5	28.5
Travel		2.6	2.6	2.6	2.6	2.6
Contractual		7.1	7.1	7.1	7.1	7.1
Supplies		0.5	0.5	0.5	0.5	0.5
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	38.7	38.7	38.7	38.7	38.7

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

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

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		38.7	38.7	38.7	38.7	38.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	38.7	38.7	38.7	38.7	38.7

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SCS CSHB 361 (FIN), Work Draft M, 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. Initial changes would take effect July 1, 2001, with additional programs brought in on July 1, 2002.

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: Joan M. Kasson *Joan M. Kasson* Phone 465-5370
 Division Attorney General's Office Date/Time 4/14/00, 2:56 PM
 Approved by Commissioner *Kathryn Bold* Date 4/14/00
 Agency Department of Law

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS CSHB 361(FIN)

ANALYSIS CONTINUATION

negotiate contractual 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.

Despite the fact that costs have been reduced by phasing in requirements and reducing the scope of the bill, the proposed changes will still 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. 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 fixed fees, negotiated service agreement contract approvals, and negotiated single fees.

In addition, in the first year that the new fee requirements are effective, FY 2002, 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.

The regulations required during FY 2001 will be for establishment of flat fees for ADEC's wastewater disposal and federal Clean Water Act permit certification programs. It is our understanding that ADEC was already planning comprehensive regulation revisions relating to these programs and that the projects will be rolled together. Further, since we do not expect litigation or contract review expenses to be incurred until FY 2002, the Department of Law will not be seeking additional funding in FY 2001 to implement this bill. However, given the number of regulations and contract review projects expected to result from this bill in subsequent years, as well as related agency advice, we estimate that an additional one-quarter of a full time attorney in the Environmental section will be needed in FY 2002 and subsequent years. There would also be some additional regulatory work for the Legislation and Regulations section associated with the requirements of this bill, but we would expect this work would be merged into other DEC regulation projects to minimize its impact.

Full-time equivalent attorney costs are based on the Civil Division's FY 2001 standard attorney cost schedule (\$93.42/hour x 360.5 hours = \$33,677.91). The hourly rate includes all normal overhead costs, such as clerical support, communications, data processing, lease space costs, supplies, etc. Direct case costs can not be included in the rate, and \$5,000 for expert witness costs and travel is added separately.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

REPORTED OUT OF
 SFC 4/14/00

BILL NO. SCSHB 361(FIN)

Revision Date/Time (Note if correction) _____ Dept. Affected Governor's Office
 Title An Act relating to charges for state services BRU Office of Management and Budget
 Component Division of Governmental Coord.
 Sponsor House Finance Committee
 Requester Senate Finance Committee Component No. 18

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		17.2	17.2	17.2	17.2	17.2
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	17.2	17.2	17.2	17.2	17.2

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	0.0	17.2	17.2	17.2	17.2	17.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	17.2	17.2	17.2	17.2	17.2

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SCSHB 361(FIN) deletes the requirement for OMB to review agency invoices for permit fees. However, the bill still provides that beginning July 1, 2001 any business or individual can petition the Division of Governmental Coordination (DGC) in OMB to establish a single fee for all regulatory services that are required for the particular type of project being permitted.

DGC currently is primarily funded with federal money and required general fund match that cannot be used for the functions provided for by this bill without violating federal law, except for projects in the coastal zone. Therefore, DGC would require additional GF to fund these functions. DGC would not expect to hire additional staff, but would need the additional GF to pay existing staff for time spent on HB 361 functions.

Prepared by: Jack Kreinheder, Senior Policy Analyst Phone 465-4676
 Division Office of Management and Budget Date/Time 4/14/00 3:32 PM
 Approved by Director: Annalee McConnell Date 4/14/00
Office of Management and Budget

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

REPORTED OUT OF
SFC 4/14/00

BILL NO. SCS CSHB 361 (Fin)

Revision Date/Time (Note if correction) 04/14/00 11:00 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 Senate 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	0.0	0.0	43.2	43.2	43.2	43.2
Travel	0.0	0.0	5.0	5.0	5.0	5.0
Contractual	62.1	120.3	30.1	30.1	30.1	30.1
Supplies	0.0	0.0	1.0	1.0	1.0	1.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	62.1	120.3	79.3	79.3	79.3	79.3

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	(230.4)	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	62.1	120.3	309.7	79.3	79.3	79.3
1005 GF/Program Receipts			(230.4)			
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	62.1	120.3	79.3	79.3	79.3	79.3

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time	0	0	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 4/14/00 11:00 AM
 Approved by Commissioner Kurt Fiedler for Date 4-14-00
 Agency Department of Environmental Conservation

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The Senate Finance committee substitute made major changes that reduce the fiscal impact of the bill. Drinking Water and Domestic Wastewater which will not be treated as designated regulatory services, thus that fiscal note has been reduced to zero. The implementation for Solid Waste is delayed one year. The accounting system costs will be funded in year one for Solid Waste. Delaying the implementation date for Solid Waste allowed the department to reduce estimated implementation costs assuming that we can save money from lessons learned in our Water Quality work during year one.

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 for Water Quality and in the third year for Solid Waste.

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. Initial costs in year one are 124.2 and in future years 44.2 per year.

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.

Revised to Delete Drinking Water and Domestic Wastewater and to delay implementation date for Solid Waste.

YEAR 1

Solid Waste

Increased Costs to Implement HB:

Time Tracking/Cost Accounting System

Total Increased Costs Year 1+:

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
		62.1			62.1	62.1			62.1	
0.0	0.0	62.1	0.0	0.0	62.1	62.1	0.0	0.0	62.1	0

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			86.0	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

YEAR 2

Solid Waste

Increased Costs to Implement HB:

(Other Related Costs)

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

Legal Support - Regulations Specialist

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
		80.0			80.0	80.0			80.0	
		18.2			18.2	18.2			18.2	
		22.1			22.1	22.1			22.1	
0.0	0.0	120.3	0.0	0.0	120.3	120.3	0.0	0.0	120.3	0
						230.4	(230.4)		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
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	
75.4	7.5	31.6	1.5	0.0	116.0	116.0	0.0	0.0	116.0	1.5
						356.8	(78.9)	(277.9)	0.0	
						19.2	(19.2)		0.0	
							256.6	(256.6)	0.0	

YEAR 3

Solid Waste

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:

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			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
Total Increased Costs Year 3:	43.2	5.0	30.1	1.0	0.0	79.3	79.3	0.0	0.0	79.3	1
Lost Revenues Funding Source Switch							230.4	(230.4)		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 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	
Total Increased Costs Year 3:	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. 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			5.0			5.0	5.0			5.0	
Time Tracking/Cost Accounting System			22.1			22.1	22.1			22.1	
Total Increased Costs Year 4+:	43.2	5.0	30.1	1.0	0.0	79.3	79.3	0.0	0.0	79.3	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 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			22.1			22.1	22.1			22.1	
Time Tracking/Cost Accounting System			25.1			25.1	25.1			25.1	
Total Increased Costs Year 4+:	50.8	5.0	25.1	1.0	0.0	81.9	81.9	0.0	0.0	81.9	1

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS CSHB 361 (Fin)

Revision Date/Time (Note if correction) 04/14/00 11:00 AM Dept. Affected Environmental Conservation
 Title An act relating to charges for state services BRU Environmental Health
 Component Drinking Water
 Sponsor House Finance
 Requester Senate 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						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Amendments offered in Senate Finance reduce this fiscal note to zero.

Prepared by: Barbara Frank Phone 465-5010
 Division Administrative Services Date/Time 4/14/00 11:00 AM
 Approved by Commissioner Kush Date 4-14-00
 Agency Department of Environmental Conservation

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. SCS CSHB 361 (Fin)

Revision Date/Time (Note if correction) 04/14/00 11:00 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 Senate 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						
TOTAL OPERATING	271.8	116.0	84.4	81.9	81.9	81.9

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	(356.8)	0.0	0.0	0.0	0.0
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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)				
TOTAL	271.8	116.0	84.4	81.9	81.9	81.9

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
 Division Administrative Services
 Approved by Commissioner [Signature]
 Agency Department of Environmental Conservation

Phone 465-5010
 Date/Time 4/14/00 11:00 AM
 Date 4-14-00

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The Senate Finance committee substitute made major changes that reduce the fiscal impact of the bill. Drinking Water and Domestic Wastewater which will not be treated as designated regulatory services, thus that fiscal note has been reduced to zero. The implementation for Solid Waste is delayed one year. The accounting system costs will be funded in year one for Solid Waste. Delaying the implementation date for Solid Waste allowed the department to reduce estimated implementation costs assuming that we can save money from lessons learned in our Water Quality work during year one.

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 for Water Quality and in the third year for Solid Waste.

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. Initial costs in year one are 124.2 and in future years 44.2 per year.

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.

Revised to Delete Drinking Water and Domestic Wastewater and to delay implementation date for Solid Waste.

YEAR 1

Solid Waste

Increased Costs to Implement HB:

Time Tracking/Cost Accounting System

Total Increased Costs Year 1+:

71000	72000	73000	74000	75000	Total	GF	GFPR	Stat PR	Total	PFT
		62.1			62.1	62.1			62.1	
0.0	0.0	62.1	0.0	0.0	62.1	62.1	0.0	0.0	62.1	0

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

YEAR 2

Solid Waste

Increased Costs to Implement HB:

(Other Related Costs)

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

Legal Support - Regulations Specialist

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
		80.0			80.0	80.0			80.0	
		18.2			18.2	18.2			18.2	
		22.1			22.1	22.1			22.1	
0.0	0.0	120.3	0.0	0.0	120.3	120.3	0.0	0.0	120.3	0
						230.4	(230.4)		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
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	
75.4	7.5	31.6	1.5	0.0	116.0	116.0	0.0	0.0	116.0	1.5
						356.8	(78.9)	(277.9)	0.0	
						19.2	(19.2)		0.0	
							256.6	(256.6)	0.0	

YEAR 3

Solid Waste

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:

Lost Revenues Funding Source Switch

	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
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
Total Increased Costs Year 3:	43.2	5.0	30.1	1.0	0.0	79.3	79.3	0.0	0.0	79.3	1
Lost Revenues Funding Source Switch							230.4	(230.4)		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 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	
Total Increased Costs Year 3:	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. 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
			5.0			5.0	5.0			5.0	
			22.1			22.1	22.1			22.1	
Total Increased Costs Year 4+:	43.2	5.0	30.1	1.0	0.0	79.3	79.3	0.0	0.0	79.3	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 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	
Total Increased Costs Year 4+:	50.8	5.0	25.1	1.0	0.0	81.9	81.9	0.0	0.0	81.9	1

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 & Stops	Budgeted Months	Split / Annual Count Salary	COLA	Premium Pay	Annual Benefits	Total Costs
18-#007	Environmental Spec IV	FT	A	GG	Anchorage	1A	20 C	12.0	53,724	0	0	16,560	70,284
Justification: Implementation of HB 361							Funding Detail:						
							1004	General Fund Receipts				100.00%	70,284
							Total Funding:					100.00%	70,284
18-#011	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
							Total Funding:					100.00%	43,165

Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	113,449
Total Funding:	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.

1-LS1299AM
Kurtz
4/13/00

SENATE CS FOR CS FOR HOUSE BILL NO. 361()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

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 sale or lease of property by a state agency or fees charged by a resource agency for
11 a 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 the fixed fee. The resource agency shall review the list
4 of fixed fees at least once every four years, identify any changes in the average actual
5 and reasonable direct cost of providing each standard designated regulatory service for
6 which a fixed fee has been established, and, by regulation, adjust the fees accordingly.
7 The agency shall include the results of its review in the report submitted under
8 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, at least one of which
23 is a designated regulatory service, for an activity may petition the resource agency that
24 will provide the services or, if more than one resource agency will provide a regulatory
25 service, the office of management and budget to establish a single fee for all regulatory
26 services that are required for that class of activities. The resource agency or office of
27 management and budget, as appropriate, shall grant the petition if it finds that the
28 proposed fee meets the applicable requirements of this subsection and is likely to be
29 used by the resource agency or office of management and budget more than once. If
30 a petition under this subsection is granted, the resource agency or the office of
31 management and budget shall make available to the public information concerning the

1 single fee, including, a list of regulatory services to be provided and the amount of the
2 fee. If the resource agency or the office of management and budget denies the
3 petition, the agency or office shall provide to the petitioner a statement setting out the
4 agency's or office's reasons for 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; and

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

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

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

23 (f) No action taken by a resource agency or the office of management and
24 budget under (c) of this section is subject to AS 44.62 (Administrative Procedure Act).

25 **Sec. 37.10.054. Invoices for designated regulatory services.** (a) Unless a
26 negotiated service agreement reached under AS 37.10.052(b) or (c) provides otherwise,
27 a resource agency charging a fee for providing a designated regulatory service other
28 than a standard designated regulatory service for which a fixed fee has been
29 established under AS 37.10.052(a) shall, on a monthly basis, provide the person who
30 will be billed for the service with an invoice for services performed during that month.
31 The invoice must be reasonably convenient to the reader, and reasonably susceptible

1 to audit. The invoice must set out, in time increments of not greater than one-quarter
2 hour for each employee, and separately for each expenditure, the purpose of the time
3 or expenditure in sufficient detail to permit a reasonable person to determine whether
4 the time or cost was an actual and reasonable direct cost.

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

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

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

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

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

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

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

24 (1) "agency" means a board, commission, or agency in the legislative,
25 judicial, or executive branch, but does not include the University of Alaska or a public
26 corporation;

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

29 (A) regulation of the disposal of waste into waters of the state
30 under AS 46.03.100;

31 (B) certification of federal permits or authorizations under 33

1 U.S.C. 1341 (sec. 401, Clean Water Act); and

2 (C) a coastal management consistency determination relating to
3 a permit or authorization issued under a program listed in (A) or (B) of this
4 paragraph, if the determination is made by the agency issuing the permit or
5 authorization;

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

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

13 (B) other budgeted overhead expenses, including rent and
14 utilities;

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

18 (D) public consultation costs when the consultation is not
19 required by law;

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

22 (F) expenses that are not reasonably necessary to comply with
23 the law under which the service is provided; or

24 (G) travel expenses for inspecting businesses having not more
25 than 20 employees;

26 (4) "distinct economic sector" means a commercial or industrial
27 segment, or other category of land or water use, that, because of common operational,
28 environmental, or other factors, tends to require similar designated regulatory services;
29 each of the following is an example of a "distinct economic sector": (A) oil and gas
30 exploration, development, and production; (B) oil and gas processing and refining; (C)
31 mineral exploration, development and production; (D) coal exploration, development

1 and production; (E) commercial fishing; (F) seafood processing; (G) timber harvest;
2 (H) timber processing; and (I) residential development; nothing in this paragraph
3 precludes a resource agency from further subdividing activities listed in (A) - (I) of
4 this paragraph into more appropriate subcategories;

5 (5) "fee" means a charge assessed or requested by a state agency for
6 the provision of a service to, the incurring of a burden or cost because of, or the
7 conferring of a benefit upon, a person; "fee" does not include charges assessed or
8 requested by the Department of Natural Resources associated with pipeline right-of-
9 way leases granted under AS 38.35;

10 (6) "hourly rate of salary and benefits" means the hourly increment of
11 salary due the state employee under the salary schedule applicable to that employee,
12 multiplied by 149 percent to account for the cost of employment benefits paid by the
13 state to or on behalf of the employee;

14 (7) "permit" means a permit, license, certificate approval, or coastal
15 management consistency determination;

16 (8) "regulatory service" includes the following services provided by a
17 resource agency:

18 (A) an analysis, deliberation, testing, inspection, approval, or
19 other review related to the application for or issuance, modification, extension,
20 or revocation of a permit; and

21 (B) an inspection, testing, monitoring, or compliance review
22 undertaken under law or the terms of a permit;

23 (9) "resource agency" means the Department of Environmental
24 Conservation, the Department of Fish and Game, and the Department of Natural
25 Resources;

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

29 * Sec. 3. AS 37.10.058(2) is amended to read:

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

1 (A) control of solid waste facilities under
2 AS 46.03.020(10)(D) and (E):

3 (B) regulation of the disposal of waste into waters of the state
4 under AS 46.03.100;

5 (C) [(B)] certification of federal permits or authorizations under
6 33 U.S.C. 1341 (sec. 401, Clean Water Act); and

7 (D) [(C)] a coastal management consistency determination
8 relating to a permit or authorization issued under a program listed in (A) - (C)
9 [(A) OR (B)] of this paragraph, if the determination is made by the agency
10 issuing the permit or authorization;

11 * Sec. 4. AS 44.46.025(a) is amended to read:

12 (a) Except as otherwise provided in AS 37.10.050 - 37.10.056, the [THE]
13 Department of Environmental Conservation may adopt regulations that prescribe
14 reasonable fees, and establish procedures for the collection of those [THE] fees, to
15 cover the applicable direct costs, not including travel except in the case of a
16 designated regulatory service, as that term is defined in AS 37.10.058, of
17 inspections, permit preparation and administration, plan review and approval, and other
18 services provided by the department relating to

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

21 (2) certificates of inspection for motor vehicles under AS 46.14.400 or
22 46.14.510;

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

25 (4) [REPEALED

26 (5) REPEALED

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

28 (5) [(7)] control of solid waste facilities under AS 46.03.020(10) and
29 46.03.100;

30 (6) [(8)] certification of laboratories conducting environmental analyses
31 of public drinking water systems or of oil or hazardous substances, or conducting other

1 analyses required by the department;

2 (7) [(9)] certification of federal permits or authorizations under 33
3 U.S.C. 1341 (sec. 401, Clean Water Act).

4 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 REGULATIONS. Each resource agency providing a designated regulatory service and
7 the office of management and budget may proceed to adopt regulations necessary to
8 implement this Act. Regulations to implement a provision of this Act take effect under
9 AS 44.62 (Administrative Procedure Act), but not before the effective date of secs. 1, 2, and
10 4 of this Act.

11 * Sec. 6. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

12 * Sec. 7. Sections 1, 2, and 4 of this Act take effect July 1, 2001.

13 * Sec. 8. Section 3 of this Act takes effect July 1, 2002.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

HB 361
Fees for State Service
Sponsor Statement

State Capitol
Juneau, Alaska 99801-1182

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 provide the permittee detailed monthly invoices, unless otherwise negotiated between the agency and the permittee. A permittee may appeal the merit of any invoice first to the agency then to the Office of Management and Budget.
- 5) Provides that a person requiring a "designated regulatory service" may petition a resource agency to adopt regulations establishing a fixed fee.
- 6) Provides that a person requiring more than one regulatory service may petition an agency or if multiple agencies are involved, petition OMB for a single project fee.



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

Official Business

State Capitol
Juneau, Alaska 99801-1182

HB 361

Fees for State Service Sectional Analysis

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 each resource agency to establish a list of fixed fees for standard designated regulatory services. Fixed fees are required to be based upon the estimated average reasonable direct cost of providing the service. Resource agencies are required to review their list of fixed fees at least once every four years and adjust the fees if they do not represent the average actual and reasonable direct cost of providing the service.

(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 (a).

(c) Grants a person requiring more than regulatory service, the right to petition the resource agency involved or if more than one agency, the Office of Management and Budget, for a single fee.

(d) Requires fees not covered under (a) - (c) to be based solely on the actual and reasonable 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.

Sec. 37.10.054 requires a billing agency to provide monthly invoices unless otherwise negotiated in an agreement under (c). This section also sets out the process for a permittee to appeal the invoice, if the permittee believes the invoice exceeds the actual and reasonable direct cost 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 establish a fixed fee.

Sec. 37.10.058 Defines 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 - 37.10.056.

Section 4: Grants all resource agencies providing designated regulatory services and the Office of Management and budget 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.

SENATE FINANCE COMMITTEE

SIGN-IN

HB 361-FEES FOR STATE SERVICE

NAME: Steven Daugherty Subject/Bill No: HB 361

Co./Dept./Title: DOL Phone: 465-3600

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: JACK KREINHAFER Subject/Bill No: HB 361

Co./Dept./Title: OMB Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions



Teleconference Participants

TCN: 10772

Participant Lists

View List for

Participants

Unidentified Testifiers: Unidentified Observers:

ANCHORAGE (ANC)

1 Name: Mr. Tim Bundy Ans ?s Phone:
 Address: Affiliation: Dept Labor
 City /St /Zip: Type: Testifier
 Bill: HB 361: FEES FOR STATE SERVICE

2 Name: Mr. Doug Griffin Phone:
 Address: Affiliation: ABC Brd
 City /St /Zip: Type: Testifier
 Bill: SB 280: COMMON CARRIER LIQUOR LICENSE

NAME

LOCATION

SUBJECT

Janice Adair / DEC

Anchorage

HB 361

TELECONFERENCE

WE ARE JOINED BY:

JANICE ADAIR FOR HB 361 *Anc*

KIT ROBERTS FOR HB 105 *Anc*

JERRY KURTZ FOR HB239 *Anc*

SHARON YOUNG FOR HB 239 *Anc*

JOHN MCCABE FOR HB 239 *CHICAGO*

~~STACY~~ WEED FOR HB 239 *SEATTLE*
CYNTHIA

SENATE FINANCE COMMITTEE

SIGN-IN

HB 361-FEES FOR STATE SERVICE

NAME: Steven Dargheety Subject/Bill No: HB 361
Co./Dept./Title: AAG / DOL Phone: 465-6725
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Pat Galvin Subject/Bill No: HB 361
Co./Dept./Title: Director - RDC (OMB) Phone: 465 890
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: Ken Freeman Subject/Bill No: HB 361
Co./Dept./Title: Director - RDC Phone: 276 0700
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions