



HOUSE FINANCE COMMITTEE

Department Overview

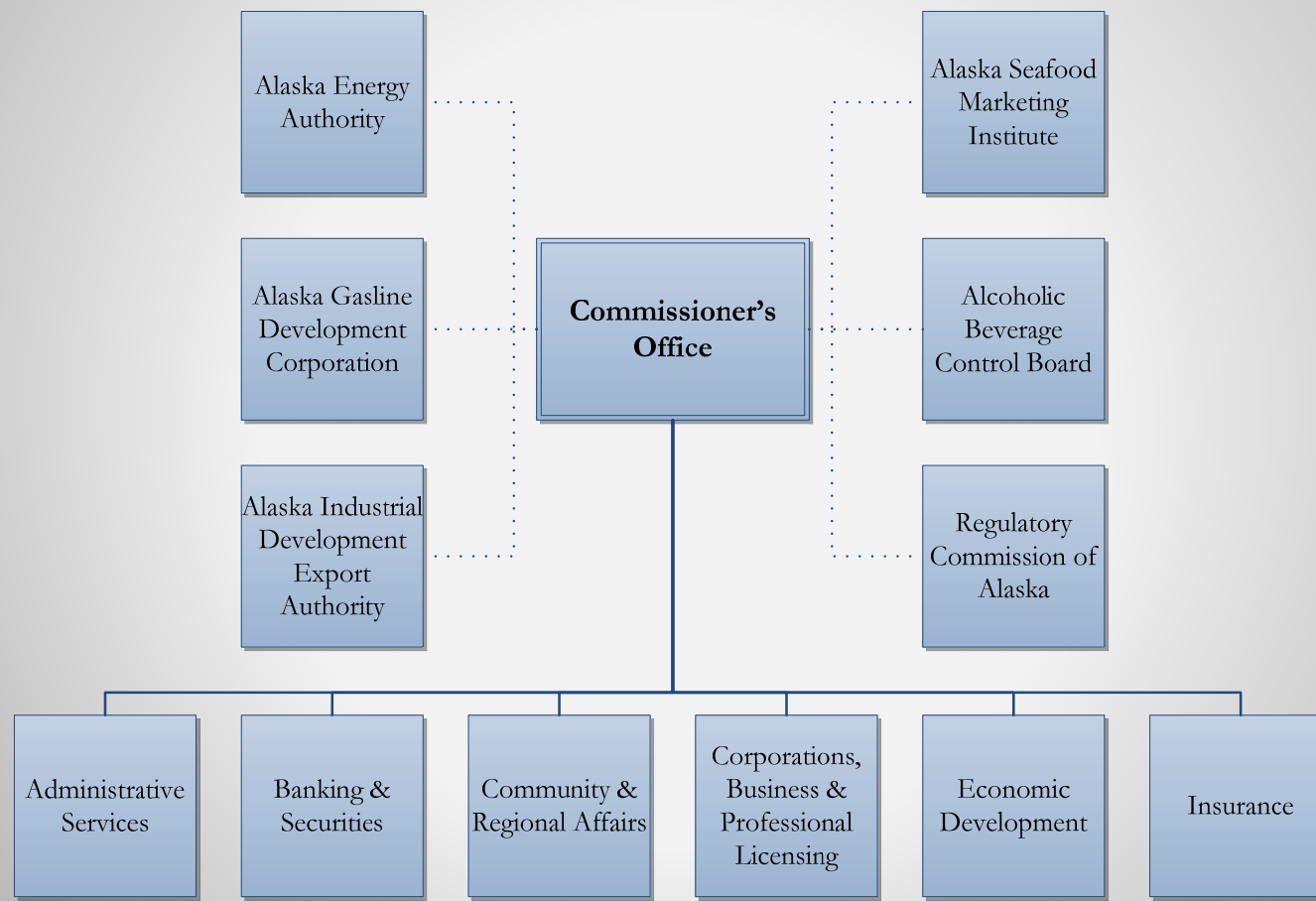
PREPARED BY THE DEPARTMENT OF COMMERCE,
COMMUNITY AND ECONOMIC DEVELOPMENT

FEBRUARY 5, 2014

Department Organization

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Mission: Promote a health economy, strong communities, and protect consumers in Alaska.



Core Services

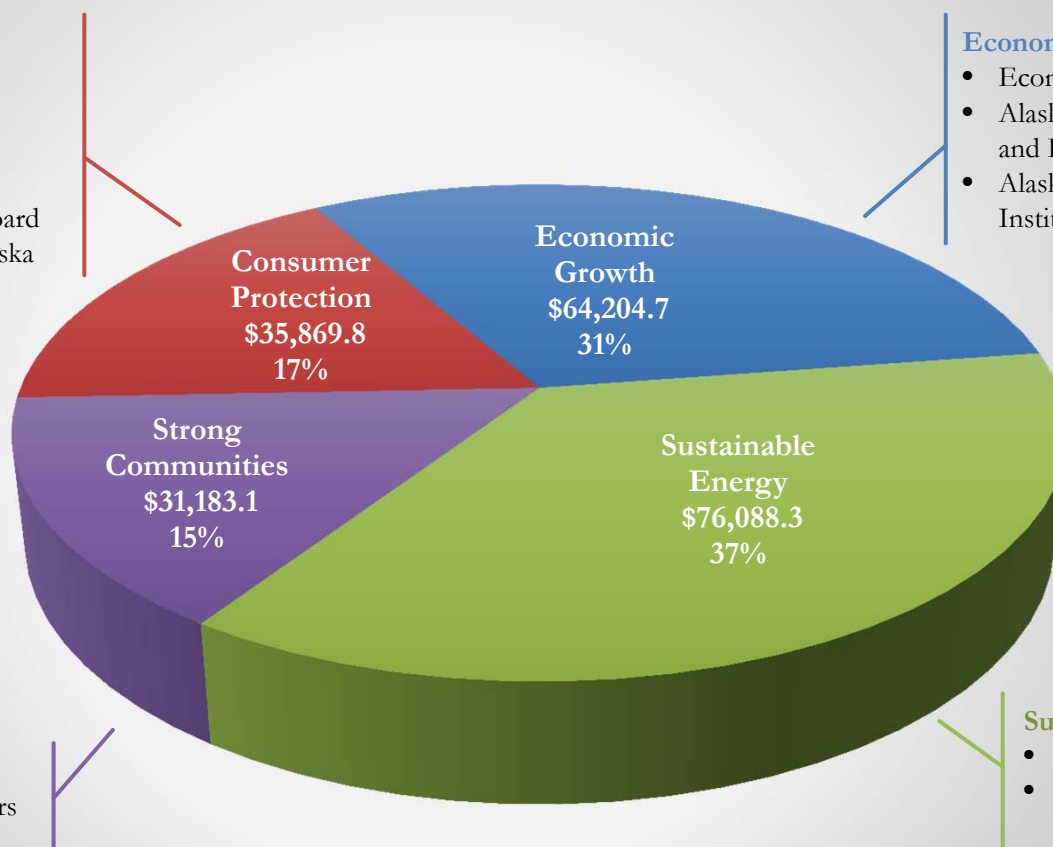
FY2015 BUDGET

Consumer Protection

- Banking and Securities
- Corporations, Business, and Professional Licensing
- Insurance
- Alcoholic Beverage Control Board
- Regulatory Commission of Alaska

Economic Growth

- Economic Development
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute



Strong Communities

- Community and Regional Affairs

Sustainable Energy

- Alaska Energy Authority
- Alaska Gasline Development Corporation

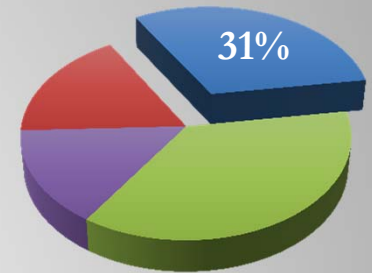
Activities related to the Administrative Services Division and the Commissioner's Office are allocated across all core services

Economic Growth

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▶ Division of Economic Development

- ▶ Tourism marketing and new air connections contributed to third consecutive year of growth (1.84 million visitors)
- ▶ Promoted new Icelandair flights to Alaska in the UK, France, Sweden, Denmark, the Netherlands, and Germany and brought Top Chef program to Alaska, reaching 2.6 million viewers
- ▶ Presented Opportunity Alaska seminar at Toronto mineral industry conference; exposure to 39,600 attendees with 325 follow up contacts
- ▶ Promoted manufacturing sector and Made in Alaska products at U.S. Manufacturing Summit by National Retail Federation and Walmart
- ▶ 24 film productions approved for tax credit based on \$40 million spend
- ▶ 283 loans for \$28.5 million to Alaska owned businesses throughout the state
- ▶ Extensive outreach to rural and coastal Alaska regions to promote utilization of loan programs

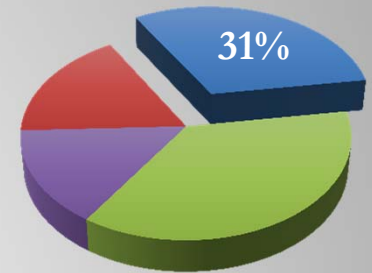


Economic Growth

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▶ **Alaska Industrial Development and Export Authority**

- ▶ Net asset value over \$1.1 billion (June 2013)
- ▶ \$20.7 million dividend to the state in FY2014
- ▶ Created and retained more than 297 construction jobs and 893 permanent jobs
- ▶ Completed 10 loan participations totalling \$11.5 million
- ▶ Completed the first phase of the Mustang oil development project on the North Slope
- ▶ Completed the \$77 million expansion of the Ketchikan shipyard
- ▶ Developing the Interior Energy Project, including an LNG liquefaction facility on the North Slope

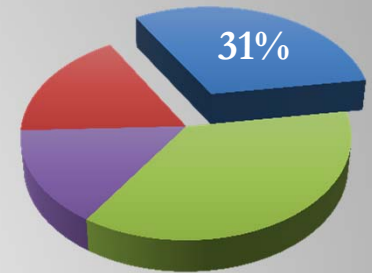


Economic Growth

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▶ **Alaska Seafood Marketing Institute**

- ▶ Export value up nearly 85 percent to \$3.2 billion in ten years
- ▶ Maintained Alaska seafood brand as the second most commonly specified on U.S. menus
- ▶ Conducted trade missions, media outreach, and chef tours to Alaska from Brazil, Germany, Japan and China
- ▶ Conducted national promotions in more than 11,000 restaurants, participated in 17 foodservice distributor promotions, and attended 19 foodservice trade shows
- ▶ Expanded collaboration with tourism marketing program, Alaska Grown, and Nutritious Foods in Schools grants

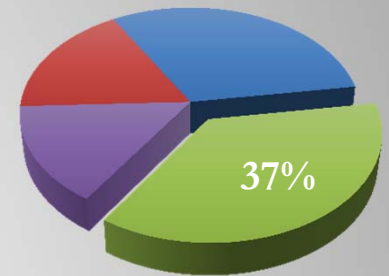


Sustainable Energy

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▶ **Alaska Energy Authority**

- ▶ Renewable Energy Fund invested \$227.5 million in 251 projects (Rounds I-VI; Round VII underway)
- ▶ Disbursed \$40.4 million in PCE grant payments in FY 2013
- ▶ Rural power system upgrades (53 of 114 completed)
- ▶ New Emerging Energy Technology Fund program evaluated 70 proposals, 16 projects funded in FY 2013 (Round II selection underway)
- ▶ Awarded seven village energy efficiency program grants totaling \$1.38 million
- ▶ Continued progress towards regulatory work for Susitna-Watana Hydro project, conducting 58 field studies in 2013

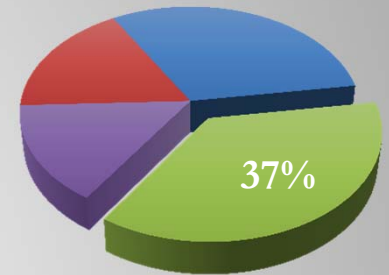


Sustainable Energy

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▶ **Alaska Gasline Development Corporation**

- ▶ Advanced pipeline and facilities front end engineering and design for class III cost estimates
- ▶ Conducted extensive field program for geotechnical, wetlands, and cultural resource data
- ▶ Engaged USDOT's Pipeline and Hazardous Materials and Safety Administration on needed special permits
- ▶ Selected open season management contractor
- ▶ Incorporated new organizational structure into business and project execution plans

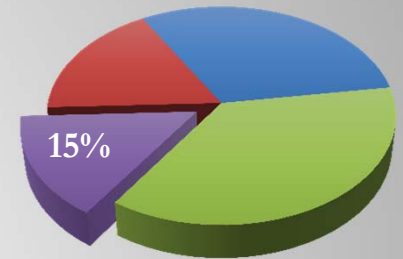


Strong Communities

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▶ **Community and Regional Affairs**

- ▶ RUBA assisted 198 communities, trained 216 utility managers
- ▶ \$1.8 billion distributed through 2,341 state and federal grants
- ▶ Over \$112 million distributed for community revenue sharing, PILT, NFR, fisheries business tax, fisheries landing tax
- ▶ Bulk fuel loans totalling \$7.4 million to 65 communities
- ▶ Fuel Watch Initiative made 586 calls to 309 communities verifying adequate financial resources and actions for winter fuel
- ▶ Preparing digital community profile maps for 19 communities in North Slope and Northwest Arctic Boroughs
- ▶ Completed full value determinations for 36 municipal governments (18 boroughs and 18 cities in unorganized boroughs)



Consumer Protection

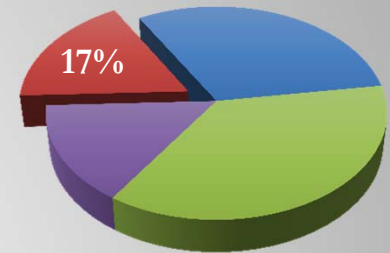
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▶ **Banking and Securities**

- ▶ Conducted examinations of 40 depository and non-depository institutions
- ▶ Issued new licenses to 2 premium finance companies, 1 payday lender, 151 mortgage broker/lenders, and 60 money services businesses
- ▶ Issued license renewals to 14 payday lenders, 28 premium finance companies, 1 small loan company, 1 business industrial development corporation (BIDCO)
- ▶ Collected over \$12.9 million in fees and assessments

▶ **Corporations, Business and Professional Licensing**

- ▶ Renewed 35,269 business licenses (67,074 active) and 28,697 professional licenses (66,894 active), a 3 percent increase from FY 2012
- ▶ Newly framed/registered corporations total 6,329, a 6 percent increase over FY 2012
- ▶ Corporate entities in good standing increased from 60 to 91 percent due to courtesy notices and a new IT system
- ▶ Quarterly financial reports for professional licensing programs now available on website for licensees, stakeholders, and the public

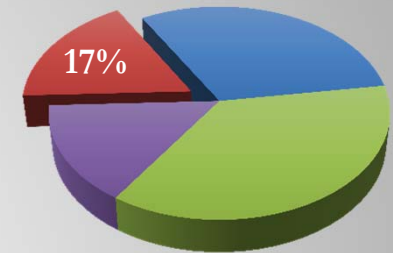


Consumer Protection

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▶ Insurance

- ▶ Issued or renewed 29,008 licenses, 95 percent submitted electronically (45,316 active licensees)
- ▶ Registered 16 purchasing groups; admitted 15 new insurance companies, four surplus line insurers, and seven risk retention groups
- ▶ Opened 54 and closed 77 criminal investigations; investigated 238 consumer complaints, took actions resulting in \$194,648 to consumers
- ▶ Collected \$65.8 million in premium taxes, penalties and fees in FY 2013



Consumer Protection

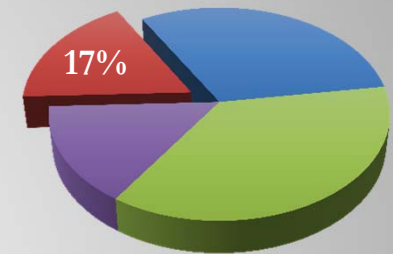
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▶ **Alcoholic Beverage Control Board**

- ▶ Licensees achieved 89 percent compliance with underage related laws, continuing a steady increase for the fourth year
- ▶ Twenty two package stores, an increase of seven, are qualified to provide written orders from rural local option communities

▶ **Regulatory Commission of Alaska**

- ▶ Revised telecommunication regulations to promote greater regional competition in response to changes in intrastate long distance market
- ▶ Discovery regulations designed to improve the process and provide increased efficiency in contested cases
- ▶ Approved application from Hilcorp Alaska, LLC for acquisition of natural gas assets in Cook Inlet



Challenges

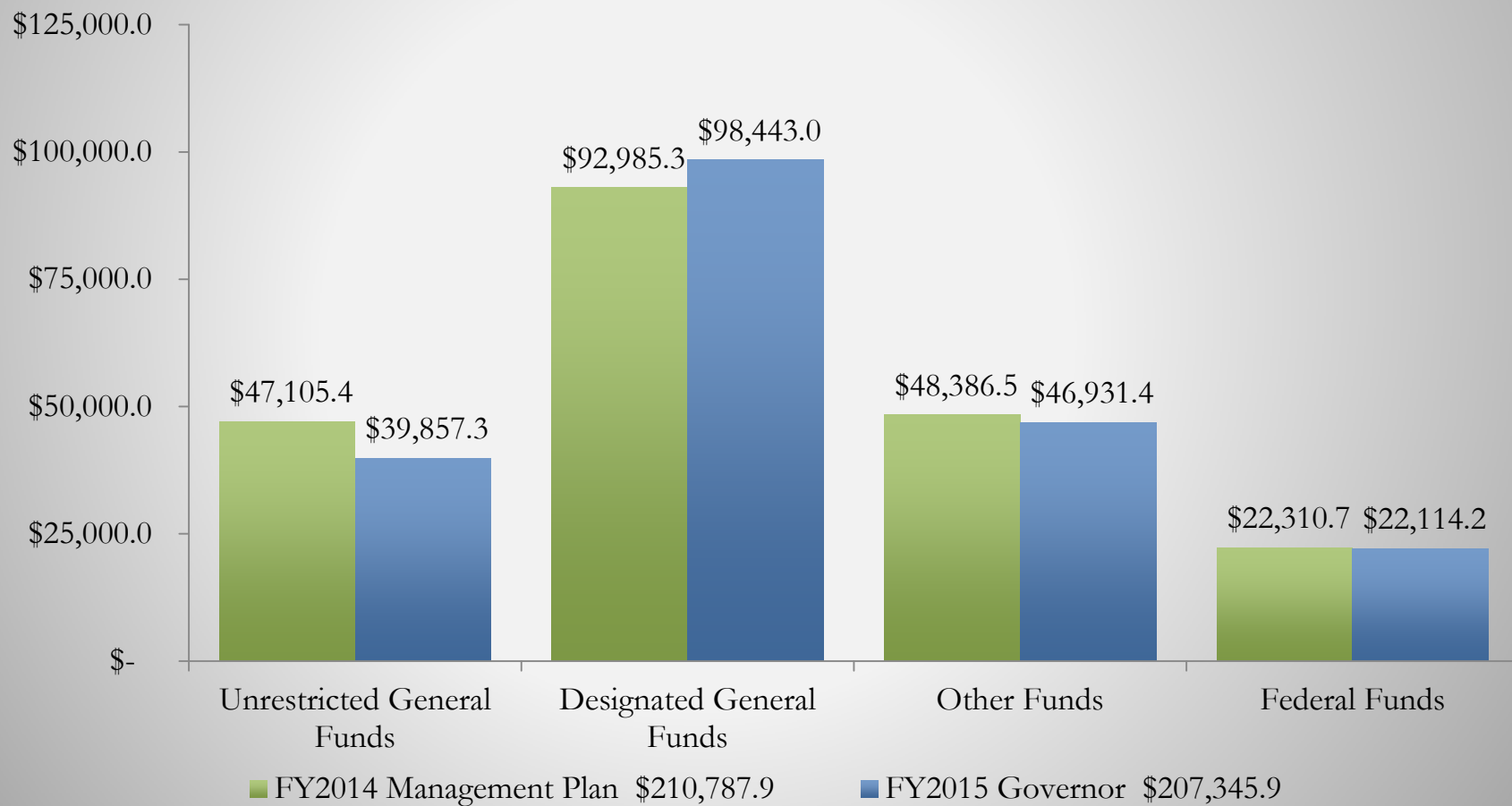
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- ▶ High cost of energy impacts residents, businesses and economic development efforts
- ▶ Gaps in critical infrastructure including roads, ports, communications, and processing facilities
- ▶ Uncertainty hampering private investment
- ▶ Federal regulatory and permitting delays and denials
- ▶ Maintain awareness in national and international markets about Alaska products and services
- ▶ Geographic scale impacts logistics and transportation costs

Budget by Fund Source

FY2014 to FY2015

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Budget by Line Item FY2014 to FY2015

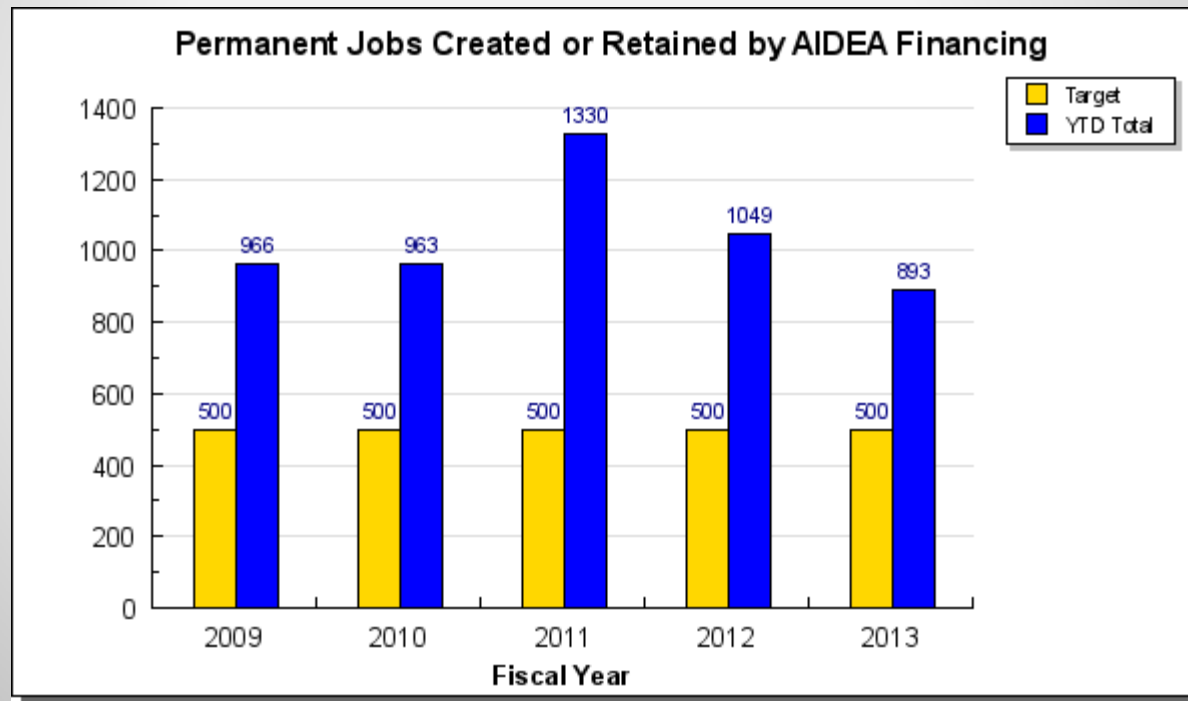
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	FY2014 Management Plan	FY2015 Governor	Difference	
Personal Services	\$62,285.9	\$63,837.1	+\$1,551.2	2.5%
Travel	\$2,796.7	\$2,599.4	-\$197.3	-7.1%
Services	\$82,929.7	\$77,547.3	-\$5,382.4	-6.5%
Commodities	\$1,014.0	\$1,013.5	-\$0.5	-
Capital Outlay	\$300.1	\$300.1	-	-
Grants, Benefits	\$61,461.5	\$62,048.5	+\$587.0	1.0%
TOTAL	\$210,787.9	\$207,345.9	-\$3,442.0	-1.6%

Performance Measures

ECONOMIC GROWTH

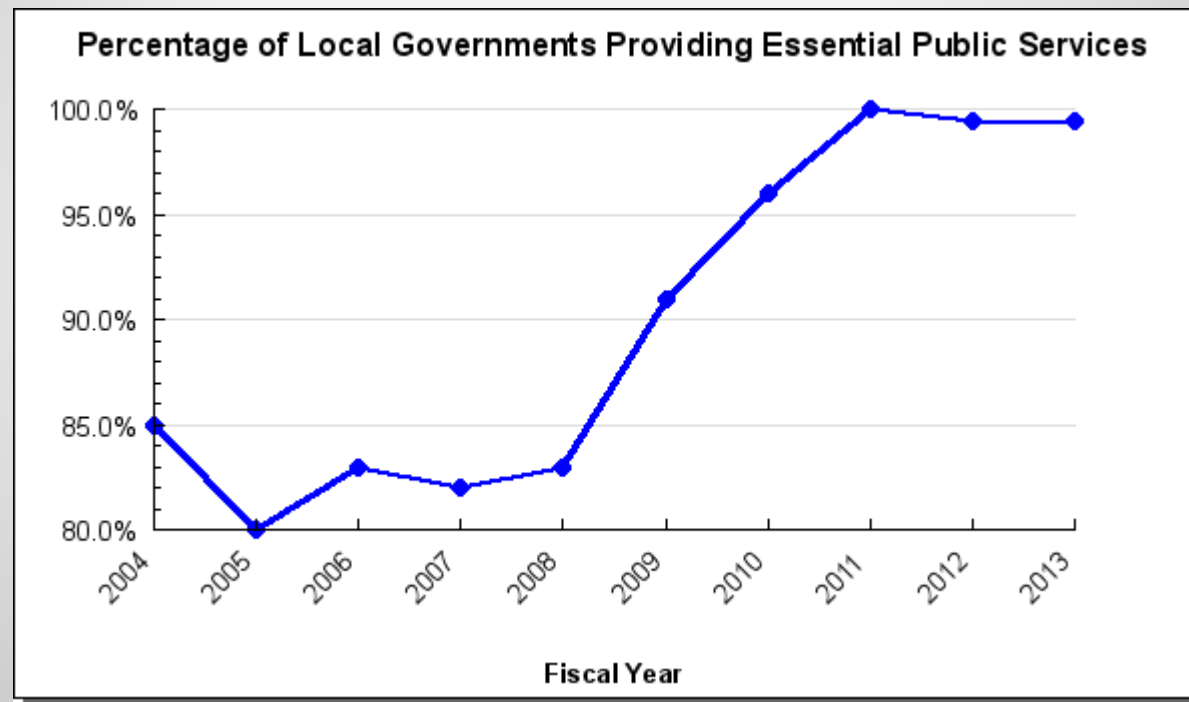
Target: Create, or retain, 500 permanent jobs annually through the Project Development and Commercial Finance programs



Performance Measures

STRONG COMMUNITIES

Target: 100 percent of municipal governments provide essential public services



LFD: Share of Agency Operations (GF Only)

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Department of Commerce, Community & Economic Development
Share of Total Agency Operations
(GF Only)
(\$ Thousands)

The department's GF budget grew by \$72.1 million between FY06 and FY15 Governor's Request -- an average annual growth rate of 8.5%.

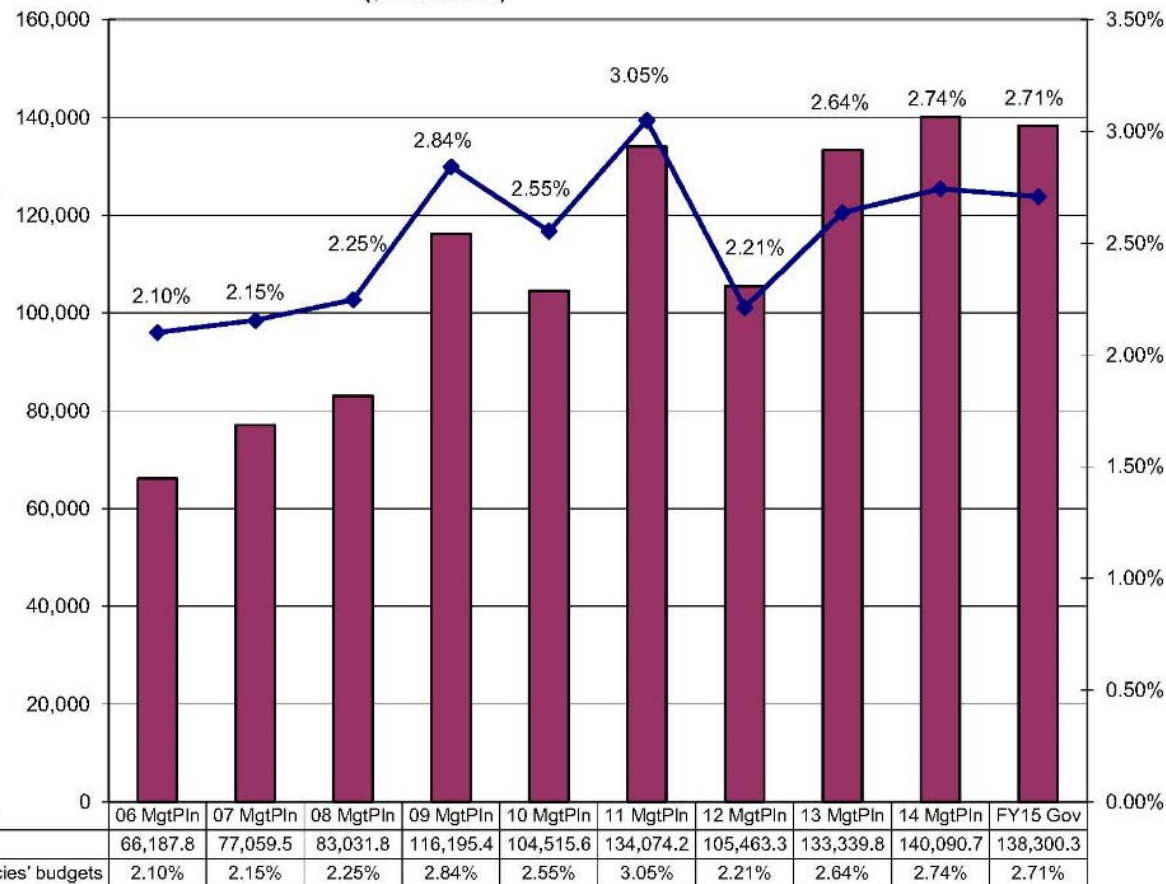
The total percentage GF growth from FY06 to FY15 Governor's Request is 109%.

The department's total FY15 Governor's Request GF budget equals \$417 per resident worker.*

The department's budget increased by:
 \$33.2 million from FY08 to FY09 -- an increase of 40%. Significant increases include:
 -- \$24.4 million for AEA Power Cost Equalization
 -- \$4 million for QTA Contract increase from \$5 million to \$9 million
 -- \$1.6 million for expansion of Domestic & Overseas Seafood Marketing

\$29.6 million from FY10 to FY11 -- an increase of 28%. Significant increases include:
 -- \$15.6 million for the establishment of the Alaska Gasline Development Corporation (one-time)
 -- \$5 million for Named Recipient Tourism Grant (one-time)
 -- \$2 million for Renewable Energy Grants Management (one-time)

\$27.9 million from FY12 to FY13 -- an increase of 28%. Significant increases include:
 -- \$16 million for Tourism Marketing
 -- \$5.5 million for Seafood Marketing
 -- \$3.9 million for AEA Power Cost Equalization



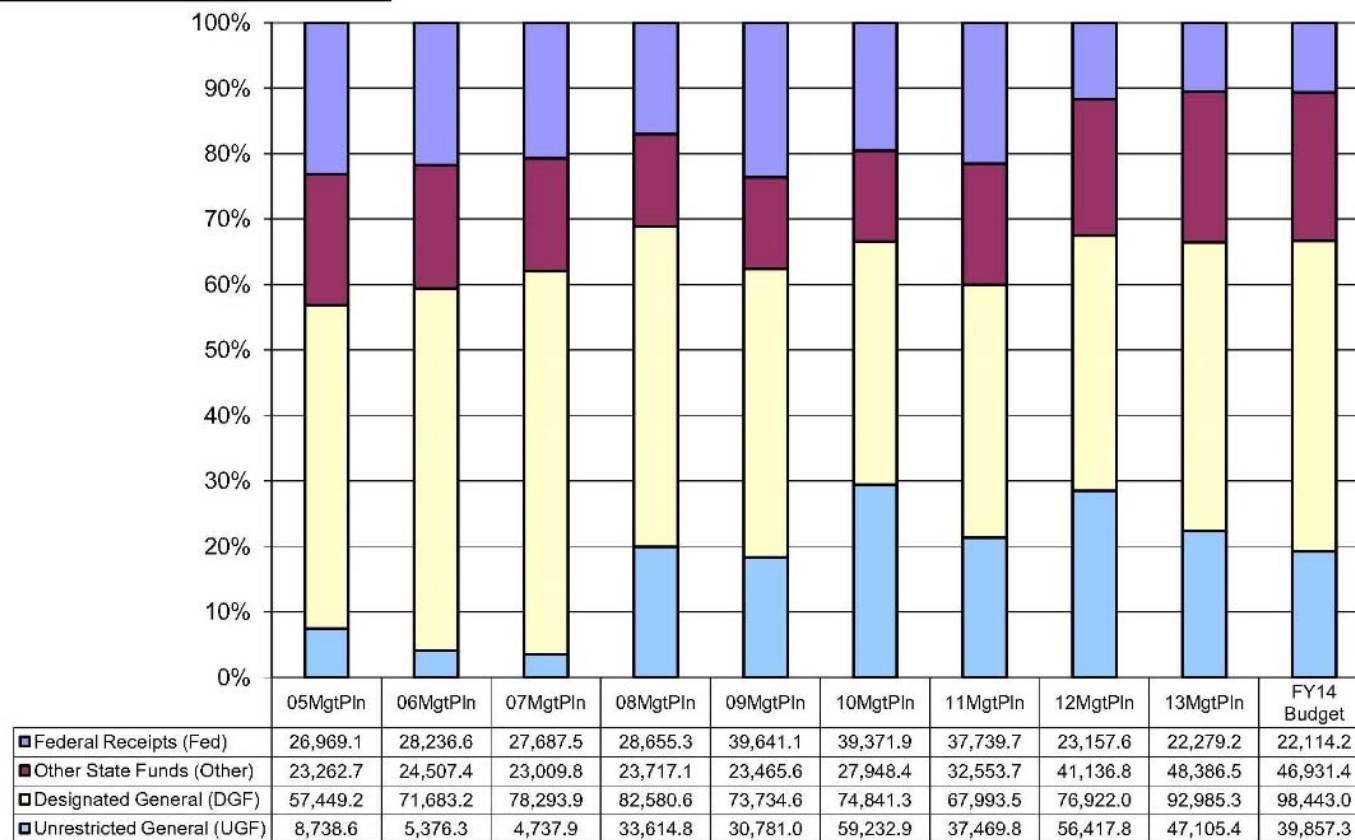
* According to the Department of Labor, there were 331,081 resident workers in Alaska in 2011.

LFD: Funding Sources

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Department of Commerce, Community & Economic Development
Percent of the Total Department's Budget by Fund Group
 (All Funds)
 (\$ Thousands)

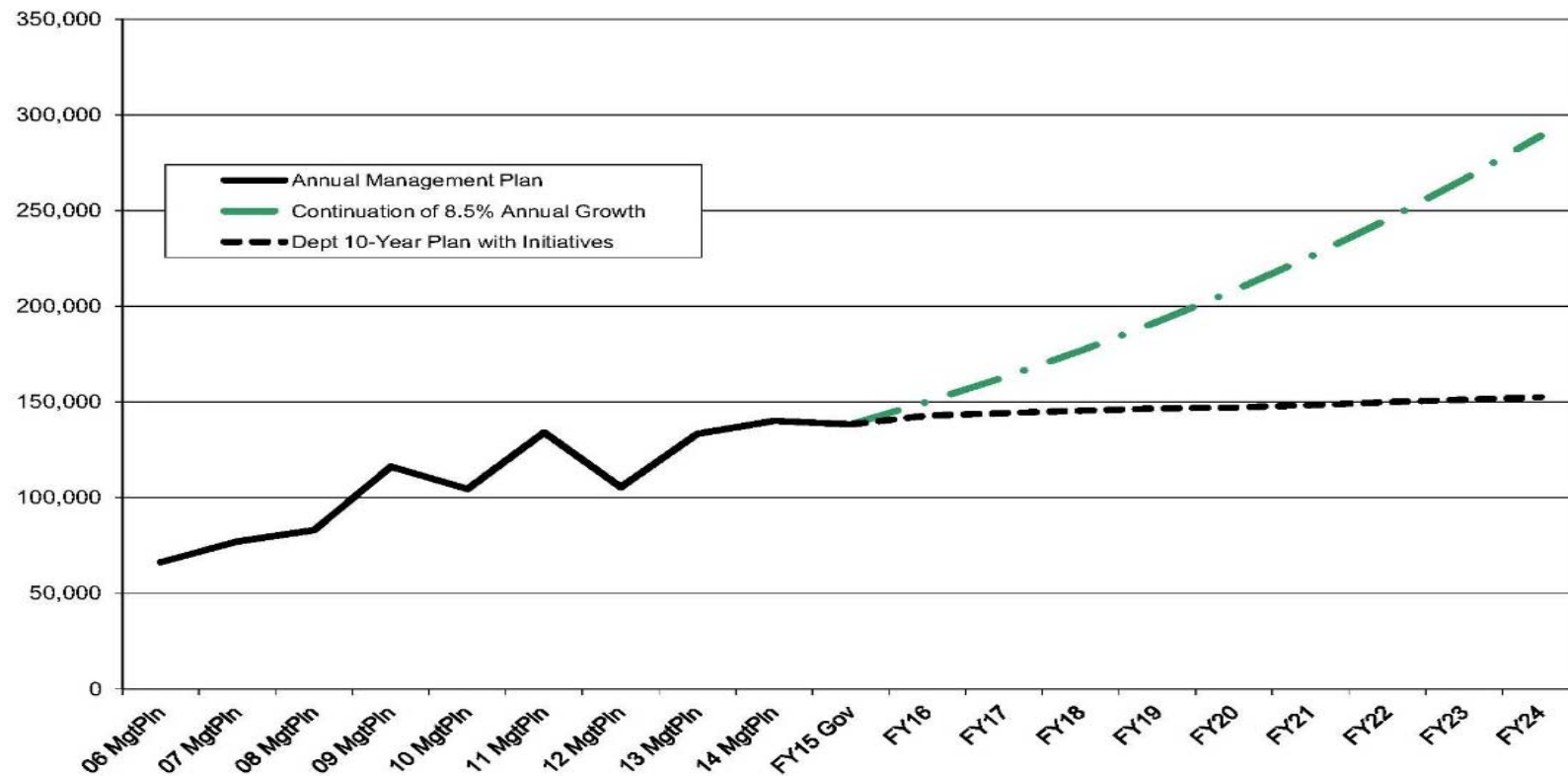
The percentage of general funds (UGF & DGF) in the department's budget was 57% in FY06 and is 67% in FY15 Governor's Request.



LFD: Ten-Year Plan (GF Only)

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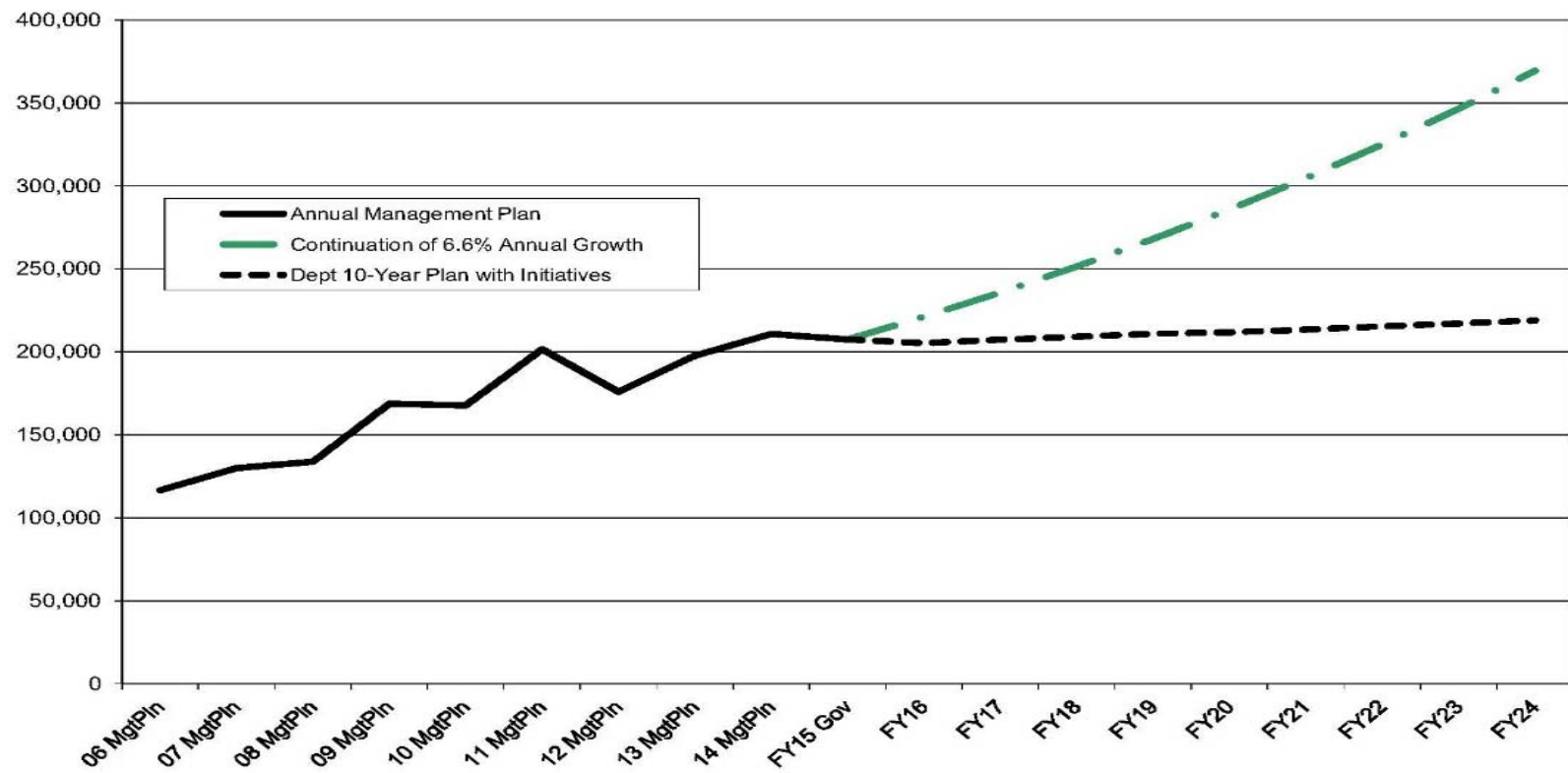
**Department of Commerce, Community & Economic Development
Continued Budget Growth Compared to 10-Year Plan
(GF Only)
(\$ Thousands)**



LFD: Ten-Year Plan (All Funds)

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**Department of Commerce, Community & Economic Development
Continued Budget Growth Compared to 10-Year Plan
(All Funds)
(\$ Thousands)**





Comments and Questions