



*Economic
Growth*



*Sustainable
Energy*



*Consumer
Protection*

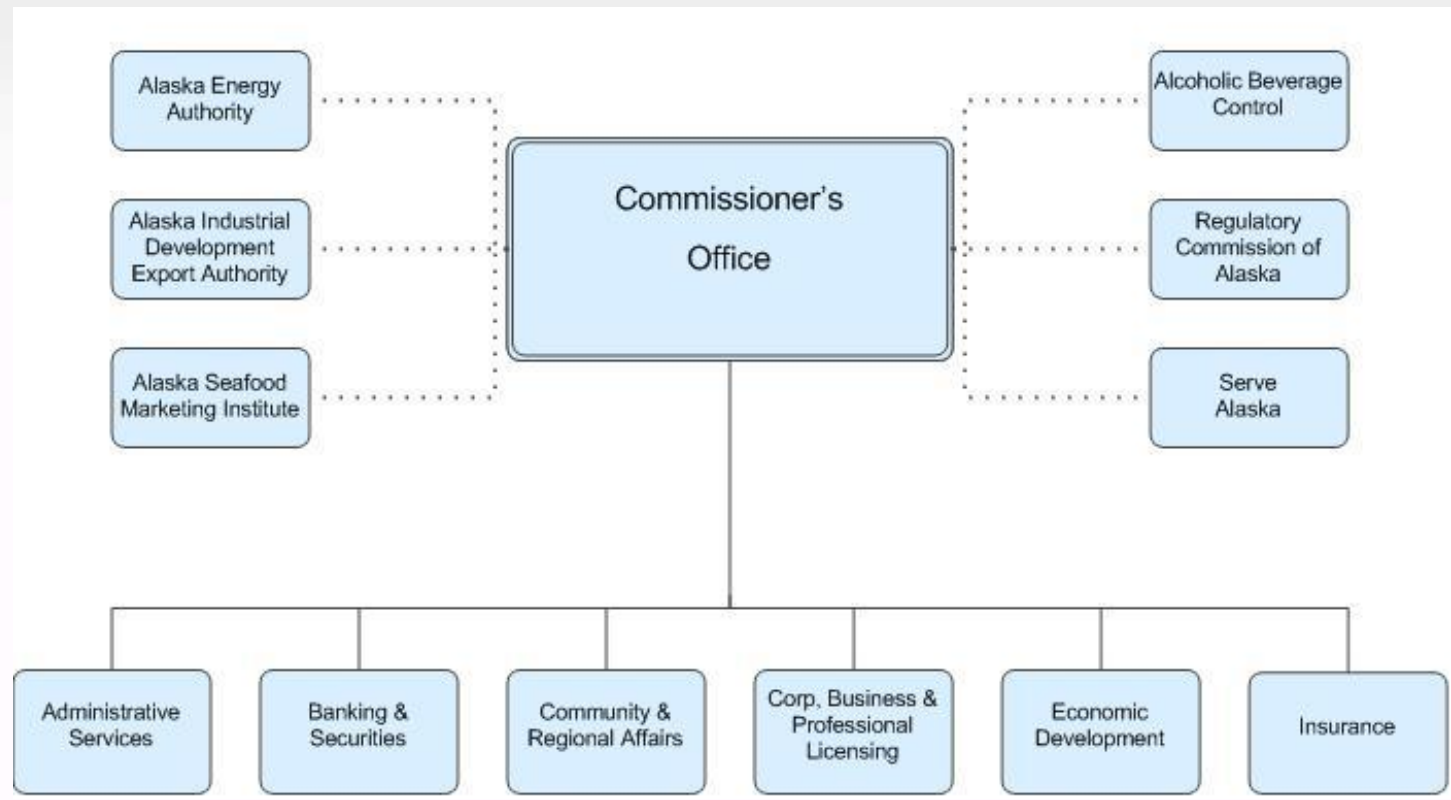


*Strong
Communities*

House Finance Committee Alaska State Legislature January 25, 2013

Budget Overview FY2014

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



Budget Overview FY2014

Core Services

- **Marketing** Alaskan products and services in key sectors including: seafood, tourism, minerals, forest products, film, and transportation.
- Providing **access to capital** for business development.
- **Reducing the cost of energy** through development of renewable resources, financing for energy generation and transmission, implementation of energy efficiency programs, grants, and technical assistance.
- **Assisting local governments** and unincorporated communities through grants, technical assistance, financial and utility management, and planning.
- **Regulating** commercial activities in banking, securities, corporations, professional licensing, alcoholic beverage industry, and public utilities.

Budget Overview FY2014

Challenges

- High cost of energy impacts communities and businesses.
- Gaps in critical infrastructure such as roads, ports, communications, and processing facilities.
- Higher cost of goods and services in rural areas.
- Federal regulatory permitting delays and denials.
- Ongoing need to educate markets about Alaska products and services.
- Uncertainty hampering private investment.
- Declining federal funding for rural programs.
- Growth of new financial programs that increase fraud and misinformation for consumers.

Budget Overview FY2014

Priority Programs

- **Economic Growth**

- Division of Economic Development, AIDEA, ASMI.
- \$66.4 million - 33 percent of budget.
- Net \$4.4 million increase.
 - ASMI.

- **Sustainable Energy**

- Alaska Energy Authority.
- \$67 million - 33 percent of budget.
- Net \$3.4 million increase.
 - PCE and Susitna-Watana Hydro.

Budget Overview FY2014

■ **Strong Communities**

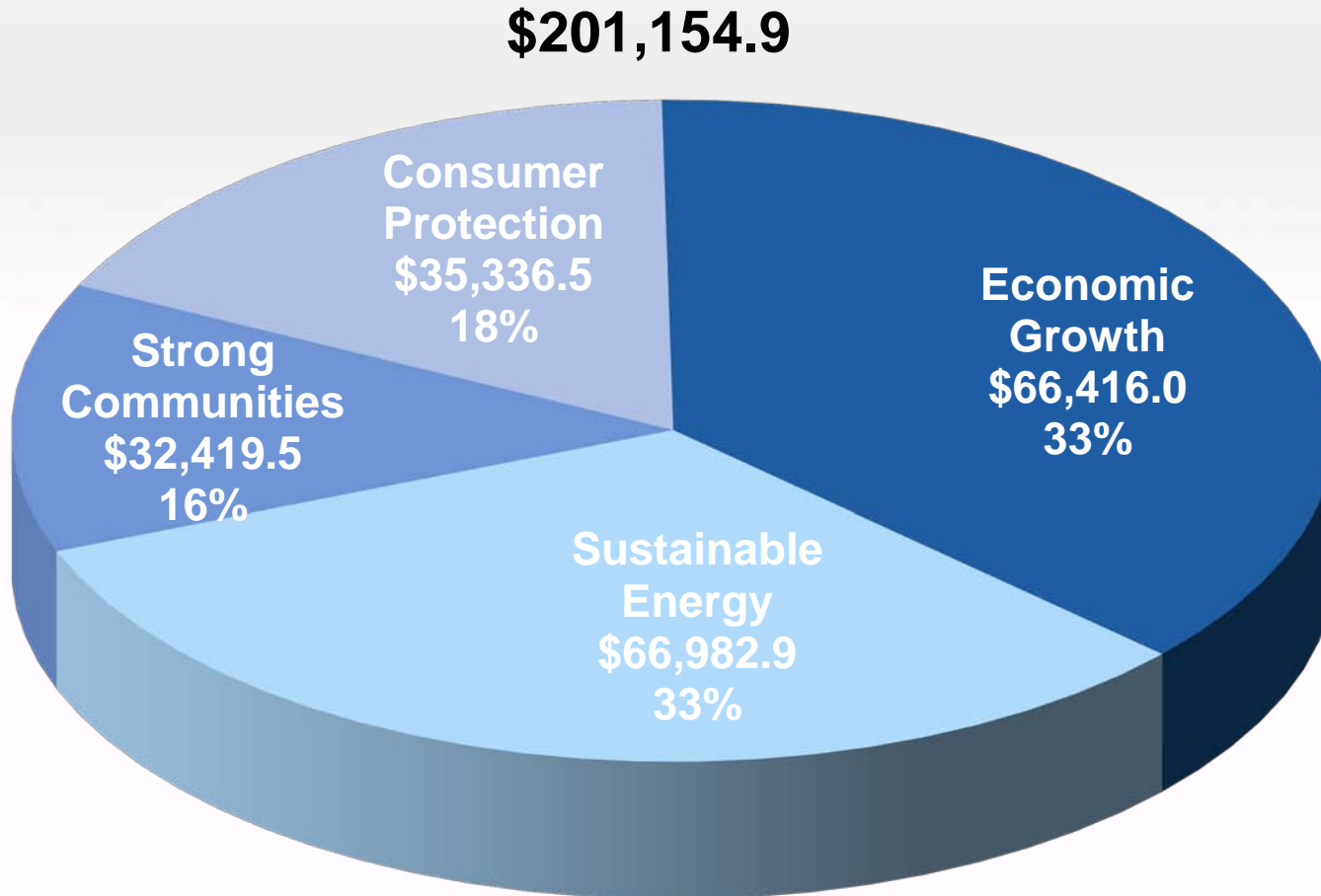
- Community and Regional Affairs, Serve Alaska.
- \$32.4 million - 16% of budget.
- Net \$28 thousand decrease.
 - Declining federal RUBA funding.

■ **Consumer Protection**

- Banking and Securities; Insurance; CBPL; Regulatory Commission of Alaska, Alcoholic Beverage Control Board.
- \$35.3 million - 18% of budget.
- Net \$576.8 thousand decrease.
 - Prescription Drug Monitoring grant and OTIs.

Budget Overview FY2014

Budget by Priority Program



Budget Overview FY2014

Economic Growth

- **Division of Economic Development**

- **Marketing:**

- Tourism recovery (1.8 million visitors) and Icelandair to begin service in May 2013.
 - 25 film productions approved for tax credit.
 - Promoted minerals, forest products, Made in Alaska, Alaska product preference.
 - Partner with private sector and state agencies.

- **Business Development:**

- Provided 400 small Alaska business with technical assistance.
 - Regional economic planning with ARDORs.

- **Financing:** Commerical fishing and small business development.

- 267 loans, \$31.1 million and \$4.8 million Salmon Enhancement Tax distribution to aquaculture (6 qualified associations).
 - New revolving loan funds for mariculture, commercial halibut charter operators, CQE entities, alternative energy.

Budget Overview FY2014

Economic Growth (cont)

- **Alaska Industrial Development and Export Authority**
 - Increased net asset value to over \$1.26 billion, providing a \$20.7 million dividend to the State for FY2014.
 - S&P Upgraded AIDEA's credit rating from AA- to AA+.
 - SETS (AK Sustainable Energy Transmission & Supply) creates new energy infrastructure.
 - Completed 17 loan participations totalling \$34.9 million.
 - Issued conduit revenue bond for Providence Hospital Complex.
 - Ketchikan shipyard and Skagway ore terminal expansions, Cook Inlet jack-up rig and JBER projects.
 - 5,500 permanent jobs and 34,200 construction jobs in the last decade

Budget Overview FY2014

Economic Growth (cont)

■ **Alaska Seafood Marketing Institute**

- Volume of Alaska Seafood exports to ASMI program countries increased by 24 percent in 2011; value increased by 28 percent.
- Ex-vessel salmon value up 29 percent, from \$1.7 to \$2.2 billion.
- Increased value of fresh, frozen, and shelf-stable (canned and pouched) Alaska seafood in U.S. and international markets.
- Continued international focus on sustainable fisheries.
- Expanded collaboration with tourism marketing programs, Alaska Grown, and Nutritious Foods in Schools grants.
- Opened new office in Brazil to serve the emerging market.

Budget Overview FY2014

Sustainable Energy

■ **Alaska Energy Authority**

- Filed FY13-14 Study Plan with FERC for Susitna-Watana Hydro.
- Renewable Energy Fund approved \$202.5 million in 227 projects to date.
- Disbursed \$39.2 million in PCE grant payments.
- Trained 22 bulk fuel and 32 power plant operators; assistance to 47 communities, and emergency response to 10 communities.
- 44 Bulk Fuel Loan commitments of \$12.7 million.
- 60 energy audits on commercial buildings, potential \$1.1 million annual savings.
- Emerging Energy Technology Fund Program received 70 proposals – 16 selected for funding in 2012.

Budget Overview FY2014

Strong Communities

■ **Community and Regional Affairs**

- Bulk Fuel Bridge Loans (7% increase) to 16 communities.
- Fuel Watch Initiative – 850 calls to 341 communities to verify adequate financial resources for fuel supplies.
- RUBA assisted 208 communities, 72 communities met sustainability indicators; trained 161 utility managers.
- \$1.4 billion distributed through 1,900 state and federal grants – including Nutritious Foods in Schools Program.
- Almost \$29 million distributed for: PILT, NFR, fisheries business tax, fisheries landing tax.
- \$80 million Community Revenue Sharing.
- Local Boundary Commission completed transactions in 9 communities.

Budget Overview FY2014

Strong Communities (cont)

- **Community and Regional Affairs (cont)**
 - Finalized digital orthophoto maps in 14 communities.
 - Emergency response, National Flood Insurance Program support.
- **Serve Alaska**
 - 285,000 hours of volunteer service, over \$6 million value.
- **Alcohol Beverage Control Board**
 - Licensees achieved 87 percent compliance with laws, continuing a steady increase for the third year.
 - In a recent study, Alaska was shown to have the lowest percentage of sales by retailers to underage persons.

Budget Overview FY2014

Consumer Protection

■ **Banking and Securities**

- 52 institutions examined; all profitable and well capitalized.
- Issued new licenses to 5 premium finance companies, 3 payday lenders, 203 mortgage broker/lenders, 56 money services; issued 6 parity orders to state chartered depository institutions.
- Issued license renewals to 12 payday lenders, 25 premium finance companies, 1 loan company, 1 business industrial development corporation (BIDCO).
- 5,949 mutual fund and investment trust filings, 411 security filings/notice filings.
- 1,243 broker-dealers registered or renewed.
- Collected over \$13 million in fees.

Budget Overview FY2014

Consumer Protection (cont)

■ **Corporations, Business and Professional Licensing**

- Licensees increased nine percent for a total of 63,197 professional licenses and 66,731 business licenses.
- 39 professional licensing programs received revenue and expense reports reconciled to ten year's of state's accounting system data.
 - Quarterly financial reports are now provided to all programs, and corrective actions are ongoing to improve historical practices.
- Streamlined corporate filings.
- Investigations received 1,394 intakes/complaints; opened 463 new cases; took 308 licensing actions; and closed 446 cases.

Budget Overview FY2014

Consumer Protection (cont)

■ Insurance

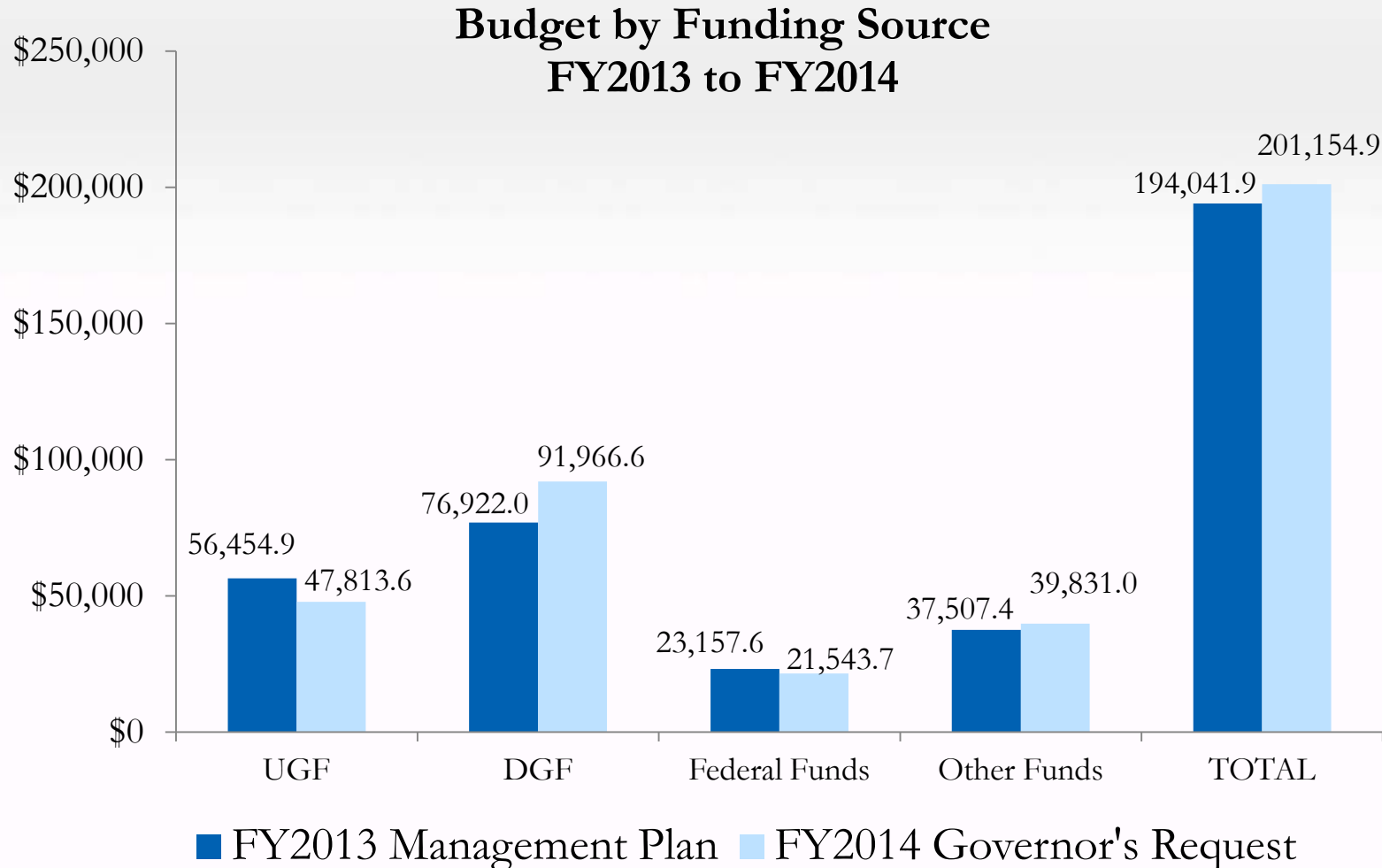
- Issued 41,735 licenses; registered 27 purchasing groups; admitted 19 new insurance companies, 1 surplus line insurer and 2 risk retention groups.
- Collected \$65,734,955 in premium taxes, penalties and fees in FY2012.
- Opened 57 and closed 35 criminal investigations.
- Investigated 290 consumer complaints, closed 286 complaints, and took action resulting in additional payments of \$145,888 to consumers in FY2012.

■ Regulatory Commission of Alaska

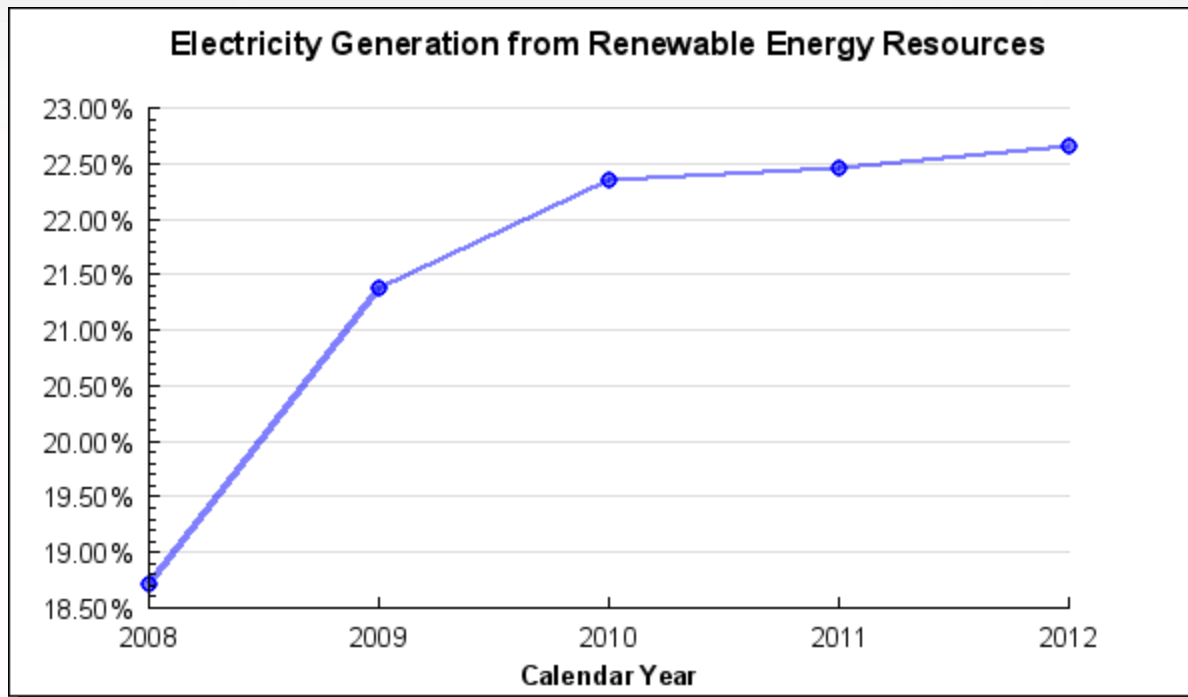
- Implemented electronic filing to reduce filing costs, increase efficiency and facilitate communication for general public, public utilities, and pipeline carriers.
- Approved railbelt electric utility agreement to purchase wind energy over 25-year term (payments for power from the wind farm could be recovered in utility rates).
- Resolved consumer complaints resulting in credits to customers in multiple instances.

Budget Overview FY2014

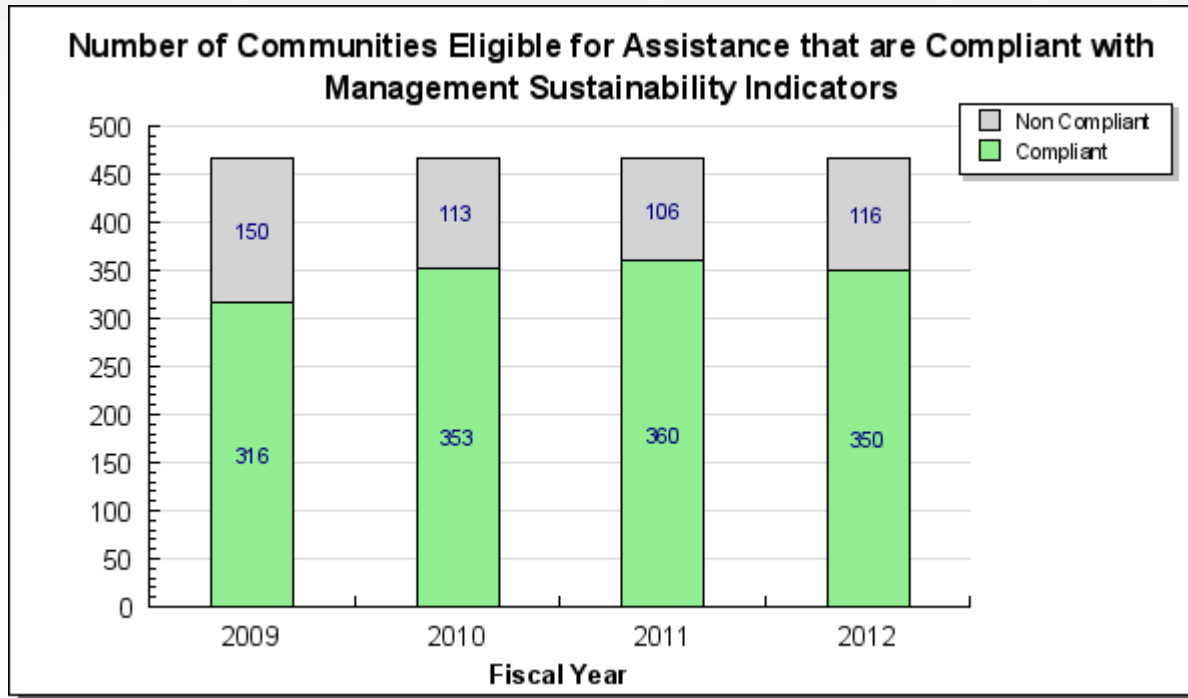
Budget by Fund Source



Target #1: By 2025, 50 percent of electricity generation is from renewable sources.

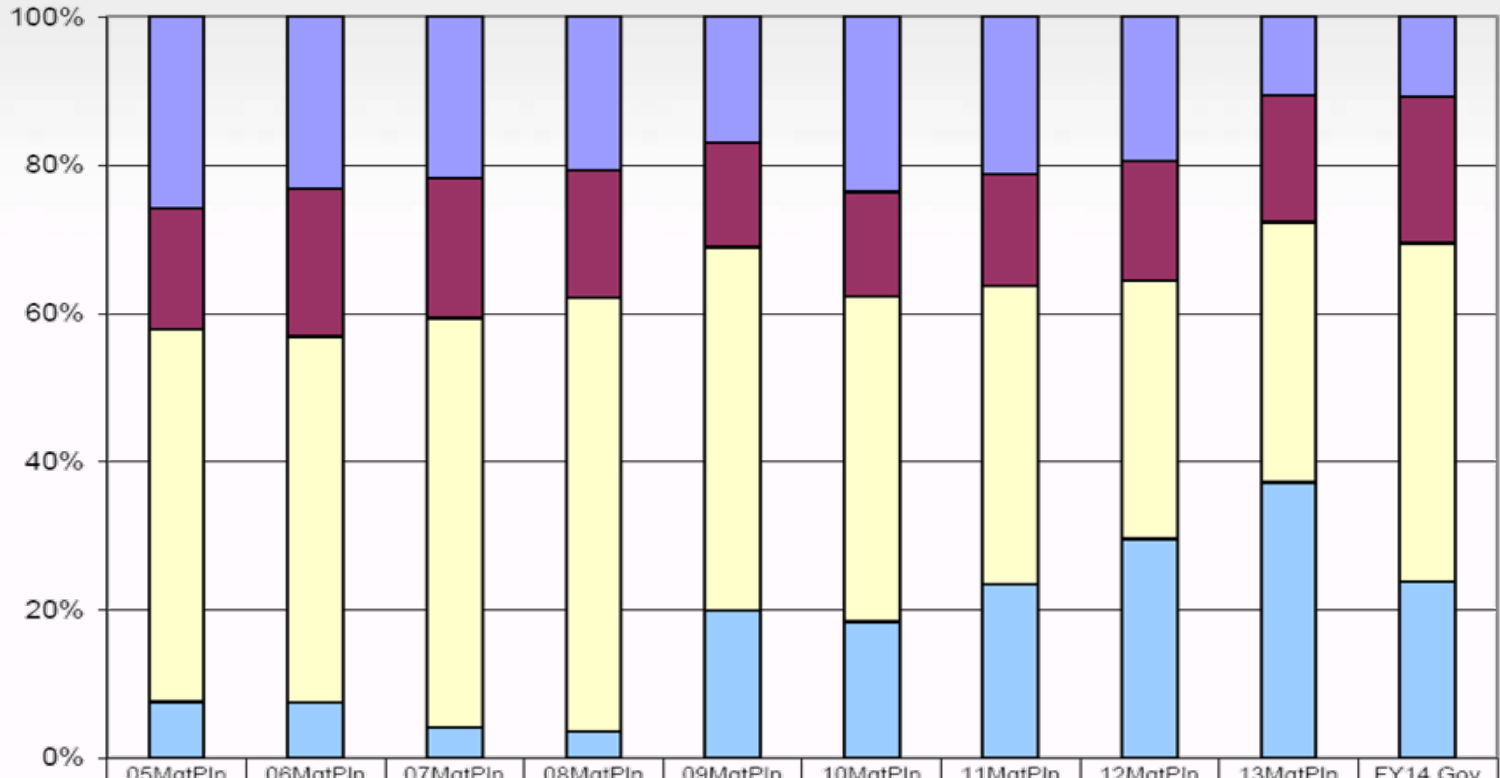


Target #4: Reduce the number of communities that are noncompliant with management sustainability indicators by five percent each year.



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 58% in FY05 and is 69% in the FY14 Governor's Request.



	05MgtPln	06MgtPln	07MgtPln	08MgtPln	09MgtPln	10MgtPln	11MgtPln	12MgtPln	13MgtPln	FY14 Gov
■ Federal Receipts (Fed)	26,972.0	26,969.1	28,236.6	27,687.5	28,655.3	39,641.1	39,371.9	37,739.7	23,157.6	21,543.7
■ Other State Funds (Other)	17,014.2	23,262.7	24,507.4	23,009.8	23,717.1	23,465.6	27,948.4	31,427.4	37,507.4	39,831.0
■ Designated General (DGF)	52,519.0	57,449.2	71,683.2	78,293.9	82,580.6	73,734.6	74,841.3	67,993.5	76,922.0	91,966.6
■ Unrestricted General (UGF)	7,849.2	8,738.6	5,376.3	4,737.9	33,614.8	30,781.0	43,592.3	57,469.8	81,417.8	47,813.6

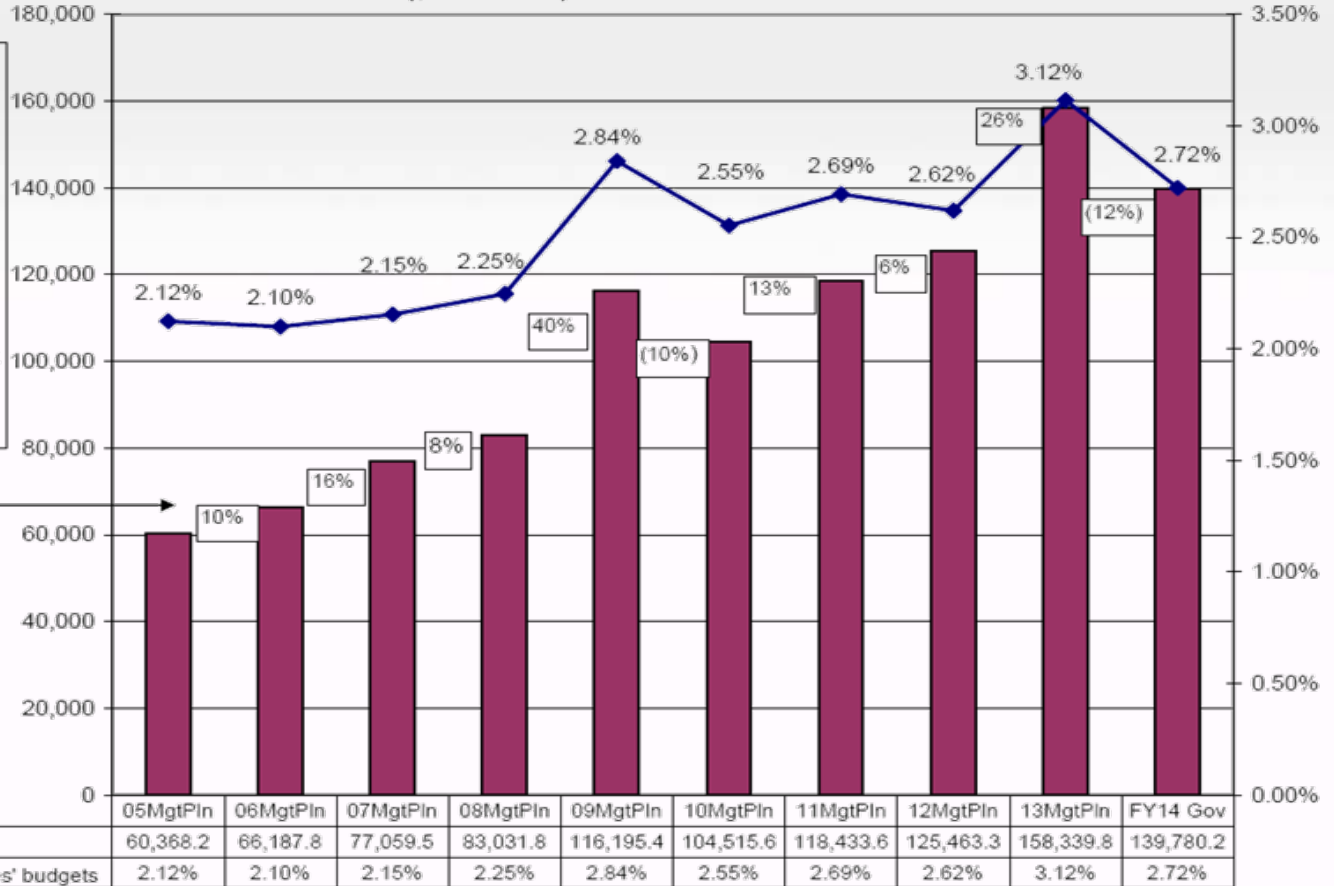
**Department of Commerce, Community & Economic Development
 Share of Total Agency Operations
 (GF Only)
 (\$ Thousands)**

The Department's GF budget grew by \$79.1 million between FY05 and FY14 Governor's Request -- an average annual growth rate of 9.8%.

The total percentage GF growth from FY05 to FY14 is 132%.

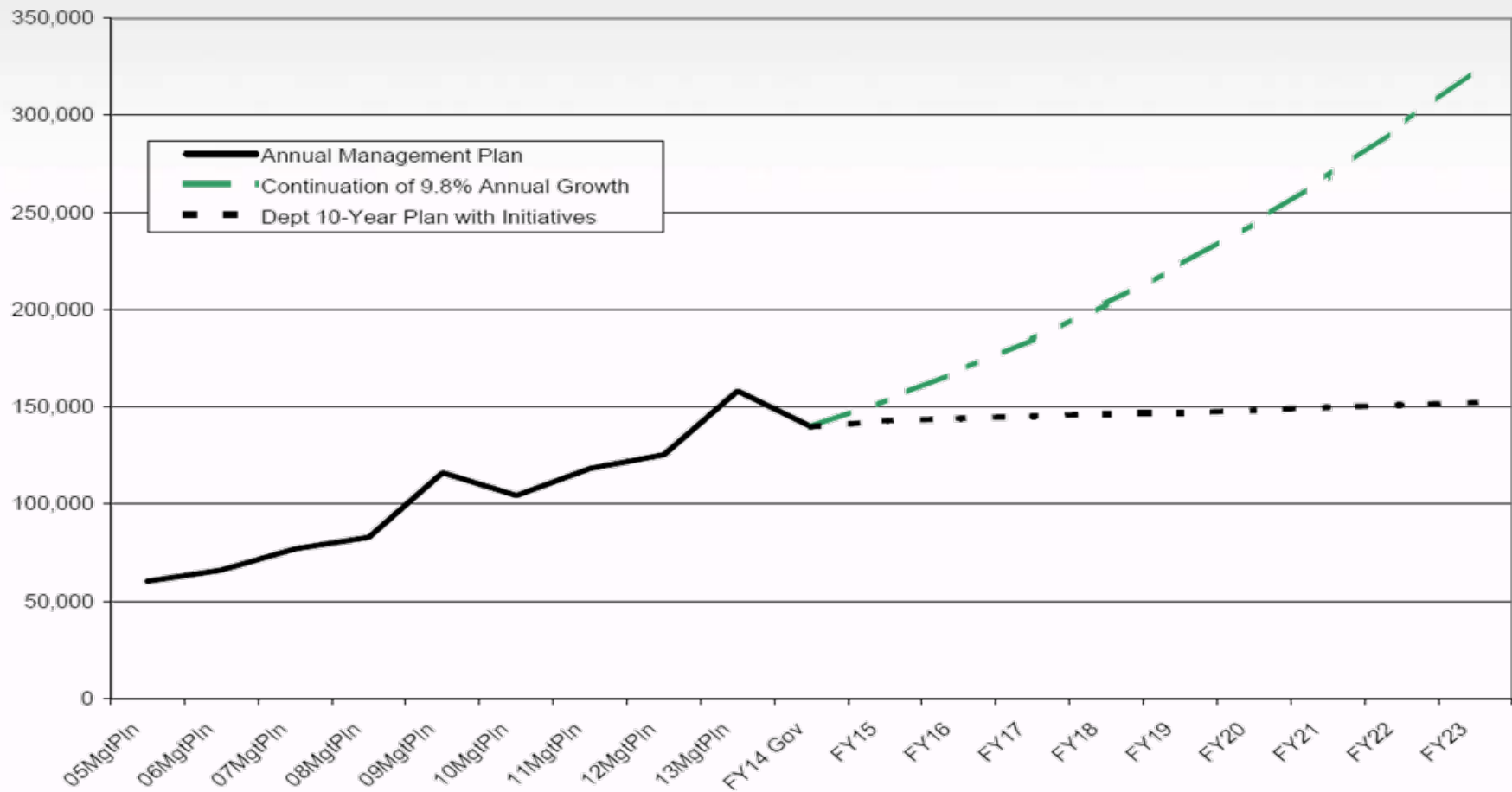
The Department's total FY14 Governor's Requested GF budget equals \$425 per resident worker.*

Text boxes reflect growth between fiscal years.

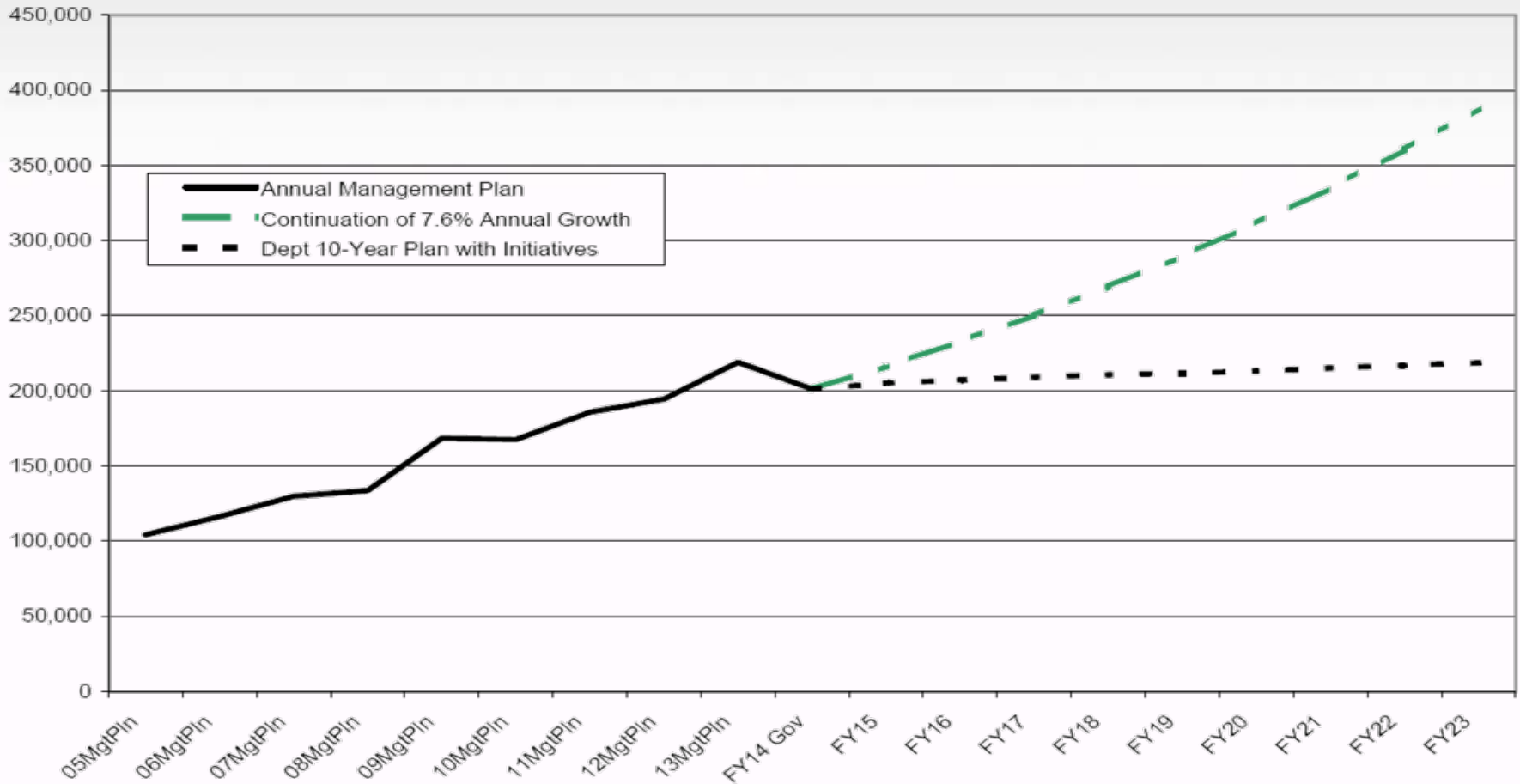


* According to the Department of Labor, there were 328,611 resident workers in Alaska in 2010.

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



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





Comments and Questions