



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Division of Corporations, Business and Professional Licensing Program Deficits

presented to
Senate Labor & Commerce

Division Director Janey Hovenden

January 19, 2016



Overview

The mission of the Division of Corporations, Business and Professional Licensing is to ensure that competent, professional and regulated commercial services are available to Alaska consumers.

This division is fully supported by fee receipts.

68,935 licensees

Business Licensing

- Process applications and issue licenses
- Grant tobacco endorsements

60,469 entities in good standing

Corporations

- Register and maintain reporting corporate compliance
- Register trademarks

71,642 licensees

Professional Licensing

- Provide public protection through licensure of professionals
- Support to all boards and licensing programs
- Respond to public complaints Enforce licensing statutes and regulations

43 licensing programs:

21 boards and commissions

22 managed by the division



Fee Analysis

Significant improvements

- New, detailed tool to analyze fees
- Programs monitored more frequently
- Strengthened partnership and communication with boards
- Professional Licensing ended FY15 in a surplus position for the second year in a row

Ongoing Challenges

- Fee spikes created by unanticipated investigations or appeals of board decisions
- The majority of revenue is collected every other year, forcing programs to operate in deficit unless large fees increases are implemented



Fee Analysis Tool

Fee Type	Current fee schedule			Proposed by board				Proposed by division				Adjustments		
	Current Fee	Projected Units	Projected Revenue	Fee Adjustment	Fee with Recommended Adjustment	Projected Revenue after Adjustment	% Change	Fee Adjustment	Fee with Recommended Adjustment	Projected Revenue after Adjustment	% Change	Fee Adjustment for Estimated Prorated Renewals	Projected Units**	Projected Revenue Loss
Application Fee	200	302	\$ 60,400	-	\$ 200	\$ 60,400	100%	0	\$ 200	\$ 60,400	100%			
Guide Exam or Retake	125	30	3,750.00	-	125	3,750	100%	0	125	3,750	100%			
Game Management Exam	390	110	42,900.00	10	400	44,000	103%	10	400	44,000	103%			
Hunt Record or Transporter Activity Report Filing**	-	5865	-	100	100	586,500	0%	50	50	293,250	0%			
Transporter Use Area Registration*	-	481	-	-	-	-	0%	0	-	-	0%			
Guide Use Area Registration*	-	481	-	100	100	120,250	0%	100	100	120,250	0%			
New Master Guide (Resident)	650	18	11,700.00	200	850	15,300	131%	200	850	15,300	131%	(425.00)	5	(2,125.00)
New Master Guide (Non-Resident)	1,300	2	2,600.00	400	1,700	3,400	131%	400	1,700	3,400	131%	(850.00)	1	(850.00)
Renew Master Guide (Resident)	650	132	85,800.00	200	850	112,200	131%	200	850	112,200	131%			
Renew Master Guide (Non-Resident)	1,300	13	16,900.00	400	1,700	22,100	131%	400	1,700	22,100	131%			
New Registered Guide (Resident)	650	28	18,200.00	200	850	23,800	131%	200	850	23,800	131%	(425.00)	10	(4,250.00)
New Registered Guide (Non-Resident)	1,300	4	5,200.00	400	1,700	6,800	131%	400	1,700	6,800	131%	(850.00)	2	(1,700.00)
Renew Registered Guide (Resident)	650	408	265,200.00	200	850	346,800	131%	200	850	346,800	131%			
Renew Registered Guide (Non-Resident)	1,300	60	78,000.00	400	1,700	102,000	131%	400	1,700	102,000	131%			
New Class-A Asst Guide (Resident)	360	12	4,320.00	50	410	4,920	114%	50	410	4,920	114%	(205.00)		(410.00)
New Class-A Asst Guide (Non-Resident)	720	2	1,440.00	100	820	1,640	114%	100	820	1,640	114%	(410.00)	0	-
Renew Class-A Asst Guide (Resident)	360	126	45,360.00	50	410	51,660	114%	50	410	51,660	114%			
Renew Class-A Asst Guide (Non-Resident)	720	14	10,080.00	100	820	11,480	114%	100	820	11,480	114%			
New Assistant Guide (Resident)	360	104	37,440.00	50	410	42,640	114%	50	410	42,640	114%	(205.00)	19	(3,895.00)
New Assistant Guide (Non-Resident)	720	94	67,680.00	100	820	77,080	114%	100	820	77,080	114%	(410.00)	26	(10,660.00)
Renew Assistant Guide (Resident)	360	617	222,120.00	50	410	252,970	114%	50	410	252,970	114%			
Renew Assistant Guide (Non-Resident)	720	413	297,360.00	100	820	338,660	114%	100	820	338,660	114%			
New Transporter (Resident)	650	40	26,000.00	200	850	34,000	131%	200	850	34,000	131%	(425.00)	14	(5,950.00)
New Transporter (Non-Resident)	1,300	4	5,200.00	400	1,700	6,800	131%	400	1,700	6,800	131%	(850.00)	1	(850.00)
Renew Transporter (Resident)	650	186	120,900.00	200	850	158,100	131%	200	850	158,100	131%			
Renew Transporter (Non-Resident)	1,300	8	10,400.00	400	1,700	13,600	131%	400	1,700	13,600	131%			
Exam Prep Packet	100	2	200.00	-	100	200	100%	0	100	200	100%			
Retired Master/Reg Guides	300	12	3,600.00	-	300	3,600	100%	0	300	3,600	100%			
Retired Class-A Asst Guides	175	0	-	-	175	-	100%	0	175	-	100%			
Centralized Fees	9,891	1	9,891	-	9,891	9,891	100%	-	9,891	9,891	100%			
		\$	\$ 1,452,641			\$ 2,454,541				\$ 2,161,291				\$ (30,690)

* New Fee - Based on 2015/16 GUA registration expirations, assuming half will renew annually and half will renew for five years; TUA requires board to propose regulations to create it

** New Fee - Based on FY13 and FY14 H/TARs

***Fines in FY14 were \$14,250

***FY15 projection based on FY13 actuals to reflect a similar license cycle, adjusted higher if FY15 3rd Q reflects higher revenue/expense

Beginning Cumulative Surplus must be from FY2014

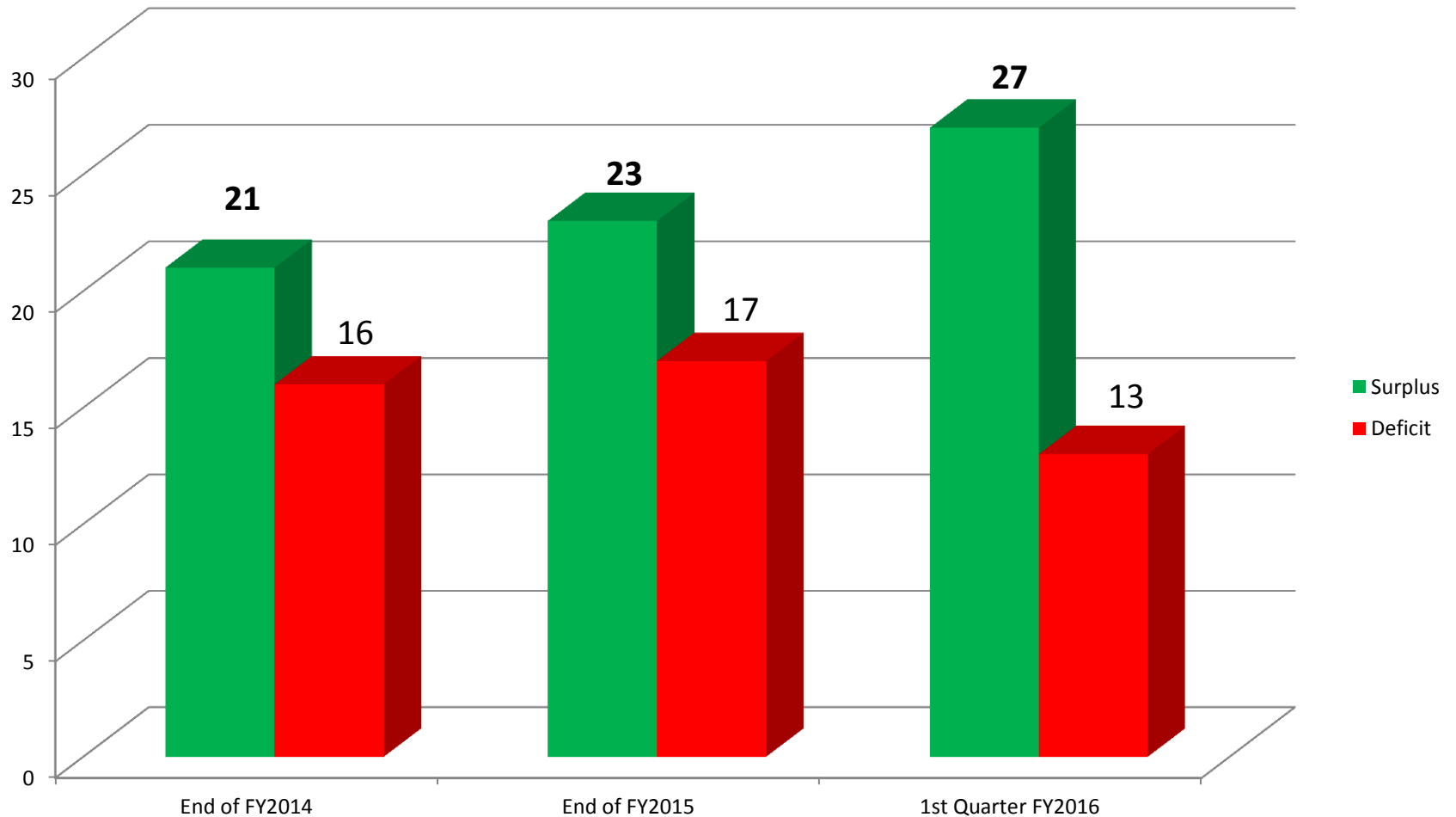
Revenues and Expenditures	CALCULATIONS BASED ON CURRENT FEES				
	FY2012/2013 Actuals	FY2014(Rpt) FY2015***	Projected FY2016/2017	Projected FY2018/2019	Projected FY2020/2021
Revenue	735,399	989,098	1,452,641	1,452,641	1,452,641
Expenses	(1,166,017)	(1,067,881)			
Adjustments					
Expenses adjusted for 2% biennial increase			(1,089,239)	(1,111,023)	(1,133,244)
Fee adjustment for pro-rated renewal			(30,690)	(30,690)	(30,690)
Projected Net		(78,783)	332,712	310,928	288,707
Beginning Cumulative Surplus (Deficit)		(1,041,267)	(1,120,050)	(787,338)	(476,410)
Ending Cumulative Surplus (Deficit)		(1,120,050)	(787,338)	(476,410)	(187,703)

Revenues and Expenditures	CALCULATIONS BASED ON BOARD'S PROPOSAL			
	FY2014(Rpt) FY2015***	Projected FY2016/2017	Projected FY2018/2019	Projected FY2020/2021
Revenue	989,098	2,454,541	2,454,541	2,454,541
Expenses	(1,067,881)			
Adjustments				
Expenses adjusted for 2% biennial increase		(1,089,239)	(1,111,023)	(1,133,244)
Fee adjustment for pro-rated renewal		(30,690)	(30,690)	(30,690)
Projected Net		(78,783)	1,334,612	1,312,828
Beginning Cumulative Surplus (Deficit)		(1,041,267)	(1,120,050)	214,562
Ending Cumulative Surplus (Deficit)		(1,120,050)	214,562	1,527,390

Revenues and Expenditures	CALCULATIONS BASED ON DIVISION'S PROPOSAL			
	FY2014(Rpt) FY2015***	Projected FY2016/2017	Projected FY2018/2019	Projected FY2020/2021
Revenue	989,098	2,161,291	2,161,291	2,161,291
Expenses	(1,067,881)			
Adjustments				
Expenses adjusted for 2% biennial increase		(1,089,239)	(1,111,023)	(1,133,244)
Fee adjustment for pro-rated renewal		(30,690)	(30,690)	(30,690)
Projected Net		(78,783)	1,041,362	1,019,578
Beginning Cumulative Surplus (Deficit)		(1,041,267)	(1,120,050)	(78,688)
Ending Cumulative Surplus (Deficit)		(1,120,050)	(78,688)	940,890

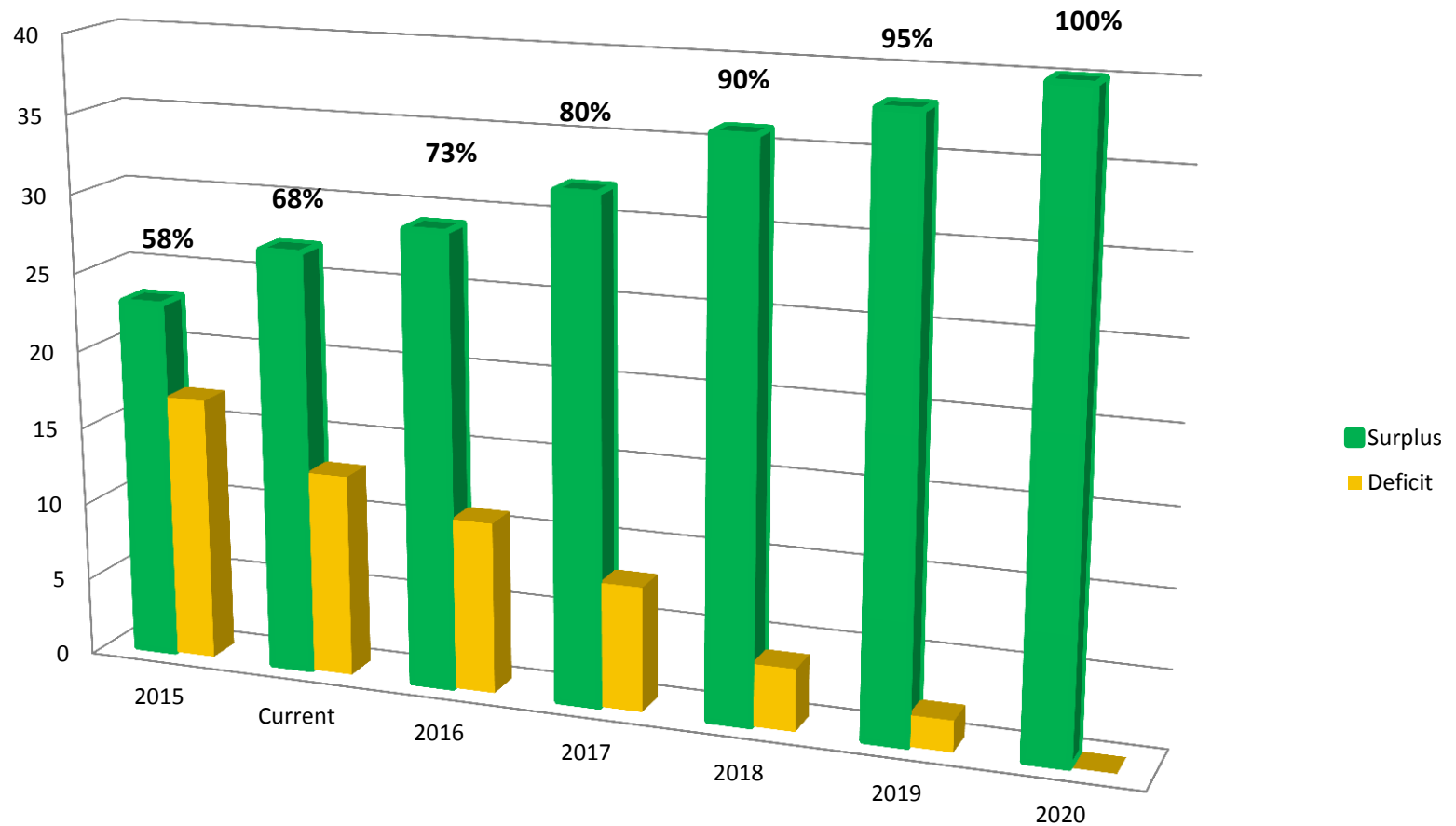


Professional Licensing Fee Improvements





Projected Programs in Surplus



* by calendar year



Questions?