



30th Alaska State Legislature
House Finance Budget Subcommittee
Dept. of Commerce, Community and
Economic Development
FY18 Operating Budget

Chair:

Rep. David Guttenberg
Capitol Room 501
465-4457

Committee Aide:

Tom Atkinson
465-4955

**FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
February 22, 2017**

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the Department of Commerce, Community & Economic Development held seven meetings with the department during our review of the FY18 budget request.

RECOMMENDATIONS:

As Chair of the House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development, I recommend that the House Finance Committee accept the Governor's FY18 budget with one amendment and three pieces of intent language.

The budget without amendment totals:

Fund Source: (Numbers Only and dollars are in thousands)

Unrestricted General Funds (UGF)	\$11,536.6
Designated General Funds (DGF)	44,593.2
Other Funds	58,461.7
Federal Funds	20,356.3
Total	\$134,947.8

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$19.3 million, a decrease of 62.6 percent.

Positions FY18 Governor Amended:

Permanent Full-time	512
Temporary	5
Total	517

The FY18 budget with recommended subcommittee amendment totals:

Fund Source: (Numbers Only and dollars are in thousands)

Unrestricted General Funds (UGF)	\$11,536.6
Designated General Funds (DGF)	45,093.2
Other Funds	58,461.7
Federal Funds	20,356.3
Total	\$135,447.8

I submit the following budget amendments to the House Finance Committee for consideration:

1. Executive Administration; Commissioner's Office; H CED 1

This amendment adds department level intent language related to expanding broadband access across Alaska and providing strategies for promoting broadband infrastructure and financing statewide.

2. Corporations, Business & Professional Licensing; Corporations, Business & Professional Licensing; H CED 2

This amendment adds \$500.0 Receipt Supported Services authorization for Professional Licensing Programs and Boards operational costs.

3. Alaska Industrial Development & Export Authority; Alaska Industrial Development & Export Authority; H CED 3

This amendment adds appropriation level intent language directing the Alaska Industrial & Export Authority to provide a report on the proposed Ambler Mining District Industrial Access project.

4. Regulatory Commission of Alaska; Regulatory Commission of Alaska; H CED 4

This amendment adds appropriation level intent language directing the Regulatory Commission of Alaska to provide a description of how the RCA can promote broadband infrastructure and financing statewide.

OTHER INFORMATION:

One proposed amendment that I have not put forward for consideration by the House Finance Committee would have eliminated all General Fund funding for the Alaska Seafood Marketing Institute. It also would have reduced excess Statutory Designated Program Receipt authorization by \$1 million.

GOVERNOR'S AMENDMENTS

The Governor did not submit any amendments for DCCED's budget.

ATTACHED REPORTS:

Transaction Detail – House Structure Amendments Recommended by Subcommittee
Allocation Summary – House Structure

Respectfully submitted,



Representative David Guttenberg, Chair
House Finance Budget Subcommittee for the Department of Commerce, Community &
Economic Development

2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Executive Administration												
Commissioner's Office												
H CED 1 - Add promoting statewide broadband access to CEDS & report strategies to legislature. Offered by Representative Guttenberg It is the intent of the legislature that the department include expanding broadband access across Alaska as a goal in its comprehensive economic development strategy, and provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division by December 1, 2017 strategies for promoting broadband infrastructure and financing statewide.	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Community and Regional Affairs												
Community and Regional Affairs												
H CED 2 - Life Alaska Donor Services, Inc. - Donor Program Offered by Representative Seaton Funding for the Life Alaska Donor Services, Inc. is more appropriate in the operating budget bill. Funding will be used for promoting the donation program. The Governor included this grant funding within the FY18 capital budget bill. This amendment moves the funding to the operating budget as it is an ongoing operating program.	Inc	80.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	0	0	0
1202 Anat Fnd (DGF)		80.0										
* Allocation Total *		80.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	0	0	0
** Appropriation Total **		80.0	0.0	0.0	0.0	0.0	0.0	80.0	0.0	0	0	0
Corporations, Business and Professional Licensing												

2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Corporations, Business and Professional Licensing (continued)												
Corporations, Business and Professional Licensing												
H CED 3 - Increase Receipt Supported Services For Professional Licensing Programs and Boards	Inc	500.0	0.0	0.0	0.0	0.0	0.0	0.0	500.0	0	0	0
Offered by Representative Guttenberg In FY16 Corporations, Business and Professional Licensing had an unexpended balance of \$125,000 in Receipt Supported services. In order to provide flexibility for the licensing programs and boards to make operational decisions, this increment increases RSS authorization for Professional Licensing by \$500,000.												
1156 Rcpt Svcs (DGF)		500.0										
* Allocation Total *		500.0	0.0	0.0	0.0	0.0	0.0	0.0	500.0	0	0	0
** Appropriation Total **		500.0	0.0	0.0	0.0	0.0	0.0	0.0	500.0	0	0	0
Insurance Operations												
Alaska Reinsurance Program												
L H CED 4 - Approp federal funds to the ACHIA Fund & return an equal amount of DGF to the GF (FY18-FY19)	MultiYr	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Seaton See 30-GH1855J.23, Wallace, 2-2-17. There is a possibility that the federal government may contribute funds to the Alaska Comprehensive Health Insurance Fund (ACHI Fund). If so, this amendment appropriates the federal funds to the ACHI Fund. In addition, it returns Insurance Premium taxes that had been deposited into the ACHI Fund (DGF) back to the General Fund in an amount equal to the federal funds received.												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Alaska Industrial Development and Export Authority												
Alaska Industrial Development and Export Authority												
H CED 5 - AIDEA to report to legislature firm costs for Ambler Mining District Industrial Access project	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Guttenberg												
It is the intent of the legislature that the Alaska Industrial Development and Export Authority provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division by September 30, 2017 a report regarding the proposed Ambler Mining District Industrial Access project. The legislature intends that AIDEA's report include: A firm estimate of the cost of planning, engineering, permitting and construction of the road and bridges; a firm estimate of road and bridge maintenance costs for the first five years of operation; and a list of all confirmed mining partners and their Ambler Mining District measured and proven reserves as reported to the Securities and Exchange Commission.												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Regulatory Commission of Alaska												
Regulatory Commission of Alaska												
H CED 6 - Regulatory Commission of Alaska study & report on promoting statewide broadband access.	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Offered by Representative Guttenberg												
It is the intent of the legislature that the Regulatory Commission of Alaska analyze the Federal Communications Commission's Alaska Plan (FCC Record: FCC-16-115A1_Rcd, Issued 8/31/16), compare it to the Alaska Broadband Task Force's Blueprint for Alaska's Broadband Future (University of Alaska, October 2014) and provide to the House Finance Committee, the Senate Finance Committee and the Legislative Finance Division by December 1, 2017 a description of how the RCA can promote broadband infrastructure and financing statewide.												

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
Regulatory Commission of Alaska (continued)												
Regulatory Commission of Alaska (continued)												
* Allocation Total *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* * Appropriation Total * *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* * * Agency Total * * *		580.0	0.0	0.0	0.0	0.0	0.0	80.0	500.0	0	0	0
* * * * All Agencies Total * * * *		580.0	0.0	0.0	0.0	0.0	0.0	80.0	500.0	0	0	0

Column Definitions

HSub Amends (House Subcom Amendments) - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

30-GH1855\J.23
Wallace
2/2/17

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 57(FIN), Draft Version "J"

1 Page 57, following line 20:

2 Insert new subsections to read:

3 "(i) The amount of federal receipts received for the 2018 calendar year Alaska
4 Reinsurance program during the fiscal years ending June 30, 2018, and June 30, 2019, is
5 appropriated to the Alaska comprehensive health insurance fund (AS 21.55.430).

6 (j) An amount equal to the amount of federal receipts deposited in the Alaska
7 comprehensive health insurance fund (AS 21.55.430) for the 2018 calendar year Alaska
8 Reinsurance program during the fiscal years ending June 30, 2018, and June 30, 2019, is
9 appropriated from the Alaska comprehensive health insurance fund (AS 21.55.430) to the
10 general fund."

2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
Executive Administration			
Commissioner's Office	1,012.0	1,012.0	0.0
Administrative Services	4,929.8	4,929.8	0.0
Appropriation Total	5,941.8	5,941.8	0.0
Banking and Securities			
Banking and Securities	3,670.2	3,670.2	0.0
Appropriation Total	3,670.2	3,670.2	0.0
Community and Regional Affairs			
Community & Regional Affairs	9,368.7	9,368.7	0.0
Serve Alaska	2,132.2	2,132.2	0.0
Appropriation Total	11,500.9	11,500.9	0.0
Revenue Sharing			
Payment in Lieu of Taxes(PILT)	10,428.2	10,428.2	0.0
National Forest Receipts	600.0	600.0	0.0
Fisheries Taxes	3,100.0	3,100.0	0.0
Appropriation Total	14,128.2	14,128.2	0.0
Corp, Bus & Profess Licensing			
Corp, Bus & Prof Licensing	13,363.5	13,363.5	0.0
Appropriation Total	13,363.5	13,363.5	0.0
Economic Development			
Economic Development	1,603.9	1,603.9	0.0
Appropriation Total	1,603.9	1,603.9	0.0

2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
Tourism Marketing&Development			
Tourism Marketing	0.0	0.0	0.0
Appropriation Total	0.0	0.0	0.0
Investments			
Investments	5,312.8	5,312.8	0.0
Appropriation Total	5,312.8	5,312.8	0.0
Insurance Operations			
Alaska Reinsurance Program	55,000.0	55,000.0	0.0
Insurance Operations	7,447.2	7,447.2	0.0
Appropriation Total	62,447.2	62,447.2	0.0
Alcohol and Marijuana Control			
Alcohol and Marijuana Control	3,808.3	3,808.3	0.0
Appropriation Total	3,808.3	3,808.3	0.0
AK Gasline Development Corp			
AK Gasline Development Corp	10,386.0	10,386.0	0.0
Appropriation Total	10,386.0	10,386.0	0.0
Alaska Energy Authority			
AEA Owned Facilities	980.7	980.7	0.0
AEA Rural Energy Assistance	5,945.5	5,945.5	0.0
AEA Power Cost Equalization	37,855.0	37,855.0	0.0
Alternative Energy &Efficiency	2,000.0	2,000.0	0.0
Appropriation Total	46,781.2	46,781.2	0.0

2017 Legislature - Operating Budget Allocation Summary - House Structure

Numbers and Language

Agency: Department of Commerce, Community and Economic Development

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
AIDEA			
AIDEA	16,494.0	16,494.0	0.0
AIDEA Facilities Maintenance	337.0	337.0	0.0
Appropriation Total	16,831.0	16,831.0	0.0
Alaska Seafood Marketing Inst			
Alaska Seafood Marketing Inst	21,569.9	21,569.9	0.0
Appropriation Total	21,569.9	21,569.9	0.0
Regulatory Commission of AK			
Regulatory Commission of AK	9,098.5	9,098.5	0.0
Appropriation Total	9,098.5	9,098.5	0.0
DCCED State Facilities Rent			
DCCED State Facilities Rent	1,359.4	1,359.4	0.0
Appropriation Total	1,359.4	1,359.4	0.0
Agency Total	227,802.8	227,802.8	0.0
Funding Summary			
Unrestricted General (UGF)	11,536.6	11,536.6	0.0
Designated General (DGF)	137,448.2	137,448.2	0.0
Other State Funds (Other)	58,461.7	58,461.7	0.0
Federal Receipts (Fed)	20,356.3	20,356.3	0.0

Column Definitions

18Gov (FY18 Governor Request) - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

HSub Rec (Subcommittee Recommendations) - House Finance Subcommittee Recommendations to the House Finance Committee.