

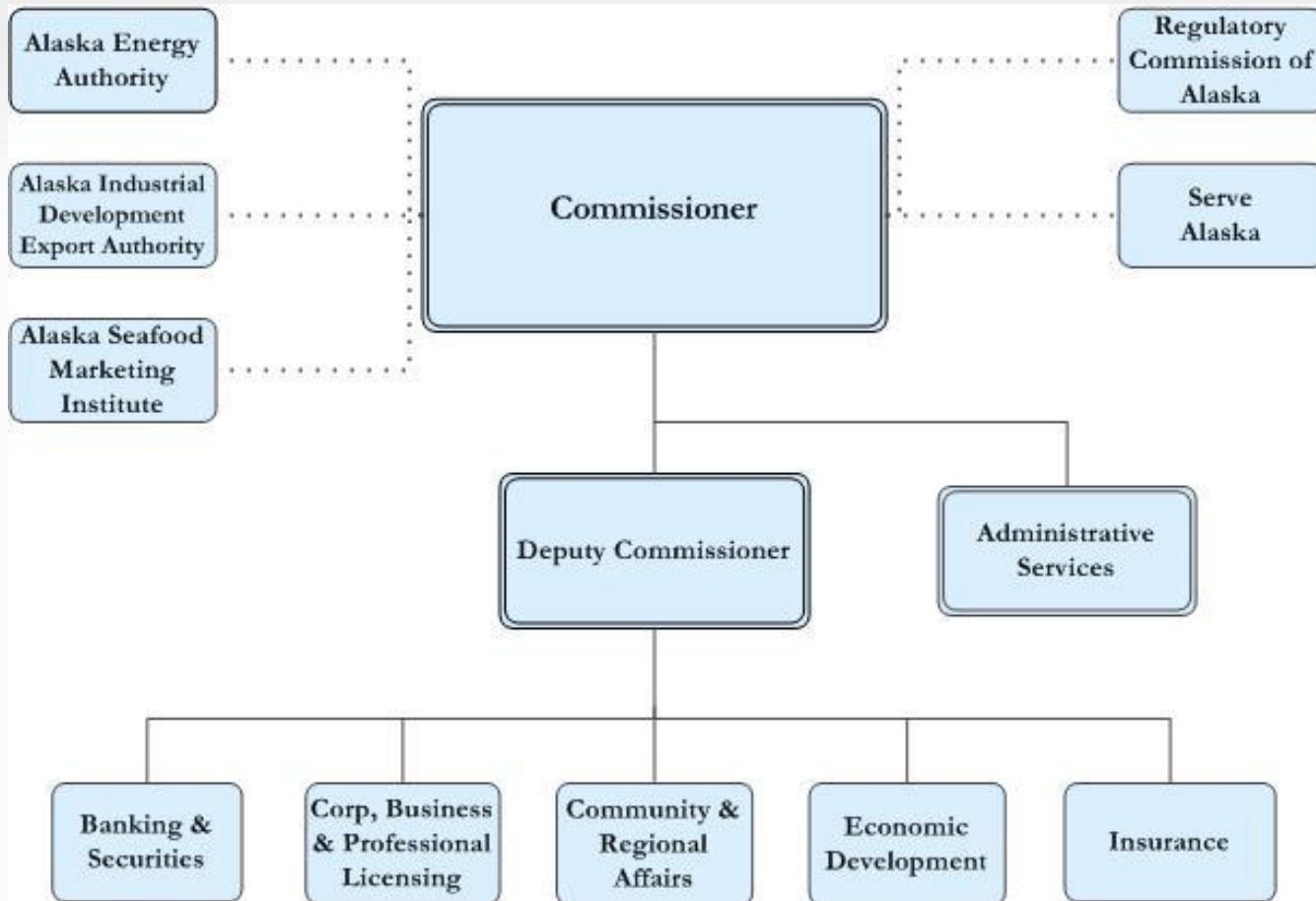


# House Finance Committee Alaska State Legislature

January 30, 2012

# Budget Overview FY2013

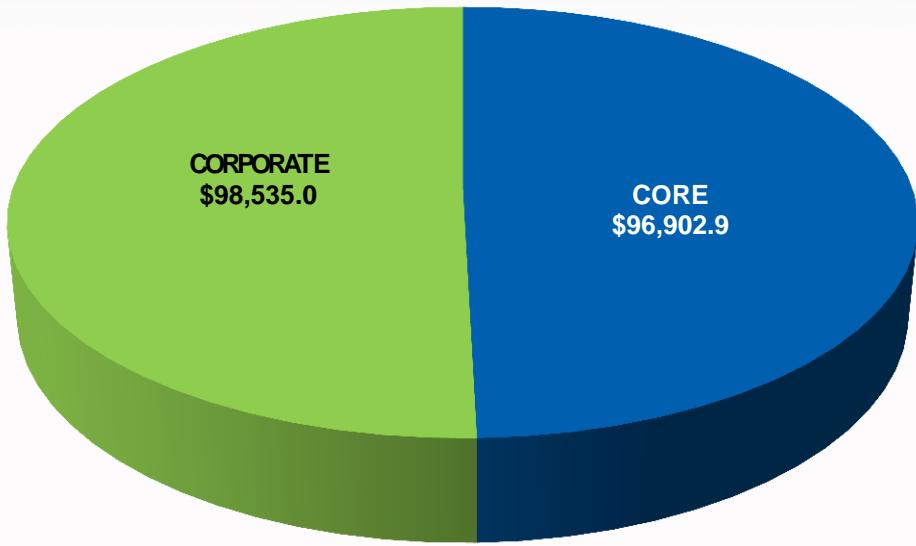
Mission: Promote a healthy economy, strong communities, and protect consumers in Alaska



# Budget Overview FY2013

## Budget by Agency Type

**FY2013 Department Budget Request**  
**\$195,437.9**



# Budget Overview FY2013

## Priority Programs

- **Economic Growth**

- Division of Economic Development, AIDEA and ASMI
- Net increase of \$15 million
- Tourism marketing, AIDEA development projects

- **Sustainable Energy**

- Alaska Energy Authority
- Net increase of \$4 million
- Power Cost Equalization, Renewable Energy Fund grant management, Susitna-Watana Hydroelectric Project positions, emergency generators

# Budget Overview FY2013

## Priority Programs

- **Strong Communities**
  - Community and Regional Affairs, Serve Alaska
  - \$18.3 million decrease
  - Decrement for one-time community revenue sharing
- **Consumer Protection**
  - Banking and Securities; Insurance; Corporations, Business, and Professional Licensing; Regulatory Commission of Alaska
  - Net increase \$1.5 million
  - Emerging utility and pipeline issues, CBPL indirect costs and professional board travel

# Budget Overview FY2013

## Overall Challenges

- High cost of energy impacts communities and economic development efforts
- 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
- Uncertainty hampering private investment and federal funding for rural programs
- Limited awareness in national and international markets about Alaska products and services
- State and regional economic activities are spread across many entities (DCCED, AIDEA, International Trade, Natural Resources, Education, and Regional Economic Associations)
- Historical practices and unaddressed audit issues related to professional and business licensing
- Upward pressure on the utility rate base and increase in complex filings with critical deadlines
- Growth of new financial programs that increase fraud and misinformation for consumers
- Recruitment and retention of specialized staff

# Budget Overview FY2013

## Economic Growth

- **Division of Economic Development**

- 313 loans totalling \$30 million
- \$4.8 million Salmon Enhancement Tax to aquaculture
- AVSP VI: visitor volume, spending, profiles, marketing data
- Marketing: tourism, minerals, film
- Development of underutilized seafood species/aquatic plants
- Forest product opportunities, supply needs, barriers
- Pre-qualified 33 productions, 17 productions completed, referrals
- Awarded \$330,000 STEP grant, increase small business skills to export to China

# Budget Overview FY2013

## Economic Development Programs (cont)

- **Alaska Industrial Development and Export Authority**

- Increased asset value to over \$1 billion
- FY11 37 loan participations, \$105 million
- 4 Recovery Zone Facility bonds, \$27 million
- Ketchikan shipyard, Skagway ore terminal expansions
- Cook Inlet jack-up rig
- Providence Hospital conduit revenue bond

# Budget Overview FY2013

## Economic Development Programs (cont)

### ■ **Alaska Seafood Marketing Institute**

- Continued retail, foodservice, university, culinary school programs
- Traditional media exposure through national and international publicity in newspapers, magazines, radio, TV, and internet
- Expanding market reach through fish taco contest, mobile apps, social media
- Market analysis and education supporting recent industry announcement to shift to sustainability certification by United Nation's Food and Agriculture Organization
- Expanded collaboration with tourism marketing, new opportunities featuring Alaska Grown, Alaska Railroad, other agencies

# Budget Overview FY2013

## Sustainable Energy

- **Alaska Energy Authority**

- Preliminary Application Document filed with FERC for the Susitna-Watana Hydroelectric Project
- \$176.6 million in grants for 207 renewable energy projects
- Disbursed \$31.8 million in PCE payments
- 3 bulk fuel upgrades (71 of 107 completed to date)
- 4 rural power system upgrades (51 of 110 completed to date)
- Issued 52 bulk fuel revolving loans
- Trained 47 rural residents
- Launched Alaska Commercial Energy Audit Program

# Budget Overview FY2013

## Strong Communities

### ■ **Community and Regional Affairs**

- RUBA assisted 208 communities, 82 communities met sustainability indicators (5 more than prior year), trained 147 utility managers
- \$1.4 billion distributed through 1,800 state/federal grants
- \$29 million distributed: PILT, NFR, fisheries business tax, fisheries landing tax
- \$80 million Community Revenue Sharing
- \$1.5 million to 1,200 SE fishermen
- Finalized ANCSA re-conveyance for Minto, completed 14 land transactions in 8 communities, completed Ninilchik survey and title conveyance
- 15 Bulk Fuel Bridge Loans (6 less than prior year)

# Budget Overview FY2013

## Strong Communities (cont)

- **Community and Regional Affairs (cont)**
  - 801 fuel watch calls to community 341 entities
  - Finalized digital orthophoto maps in 19 communities
  - Emergency response, National Flood Insurance Program support
  - Launched new E-grant program, community database, lien watch
  - State assessor, Local Boundary Commission support
- **Serve Alaska**
  - 286,195 hours of volunteer service, over \$6 million value
  - Meeting critical needs in education, health and environment

# Budget Overview FY2013

## Consumer Protection

- **Banking and Securities**
  - 58 exams of depository institutions
  - 4,700 mutual fund and investment trust filings
  - 1,289 broker-dealers registered/renewed
  - 329 security filings/notice filings
  - Finalized multi-state security settlements, \$1.6 million in fines and millions refunded to Alaskans
  - New licensing programs: mortgage lenders and money services
  - Updated ANCSA proxy regulations, expedited complaint process

# Budget Overview FY2013

## Consumer Protection (cont)

### ■ **Corporations, Business and Professional Licensing**

- Management restructure, comprehensive review of financial foundation, procedural upgrades, board engagement
- Issued 119,256 commercial and professional licenses
- 1,155 complaints, resulting in 330 new cases
- Increased online renewals
- Big Game Commercial Services board investigation
- Corrective actions to historical practices

# Budget Overview FY2013

## Consumer Protection (cont)

### ■ Insurance

- More than 39,000 licenses issued
- Opened 77 criminal investigations, closed 56
- Registered 21 purchasing groups, admitted 20 new companies, 8 surplus lines insurers, 2 risk retention groups
- Investigated 294 consumer complaints, closed 259 complaints, consumers received \$356,000

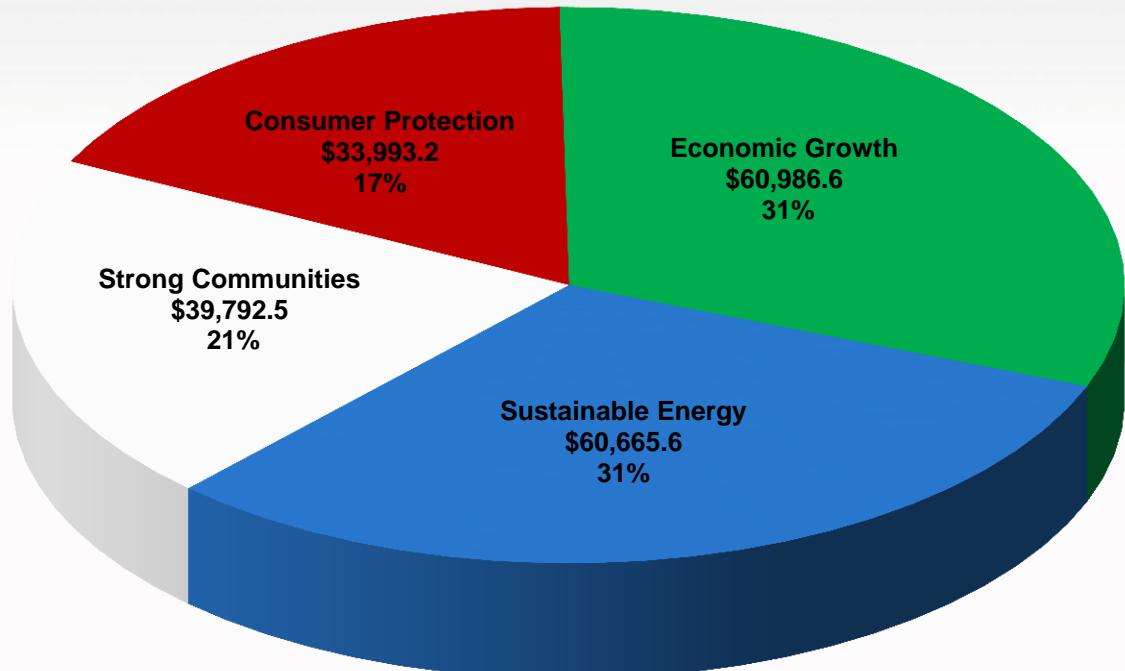
### ■ Regulatory Commission of Alaska

- Approved the first certificate of public convenience and necessity for Cook Inlet natural gas storage
- Decided over 20 rate proceedings and 475 tariff proceedings
- Concurrent TAPS rate revision hearings with FERC
- Provided assurance that \$197 million electrical plant investment could be recovered in future rates

# Budget Overview FY2013

## Budget by Priority Program

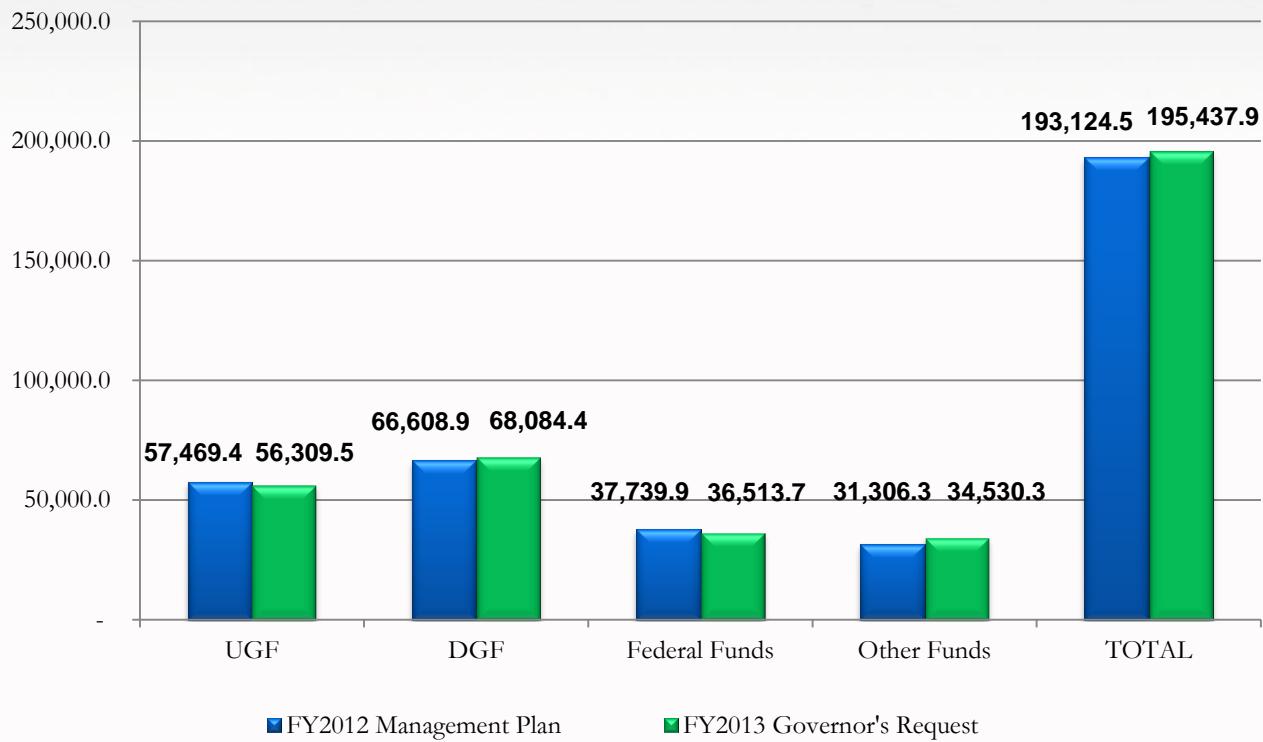
**Budget Request: \$195,437.9**



# Budget Overview FY2013

## Budget by Fund Source

**Budget by Funding Source  
FY2012 to FY2013**





# Comments and Questions