



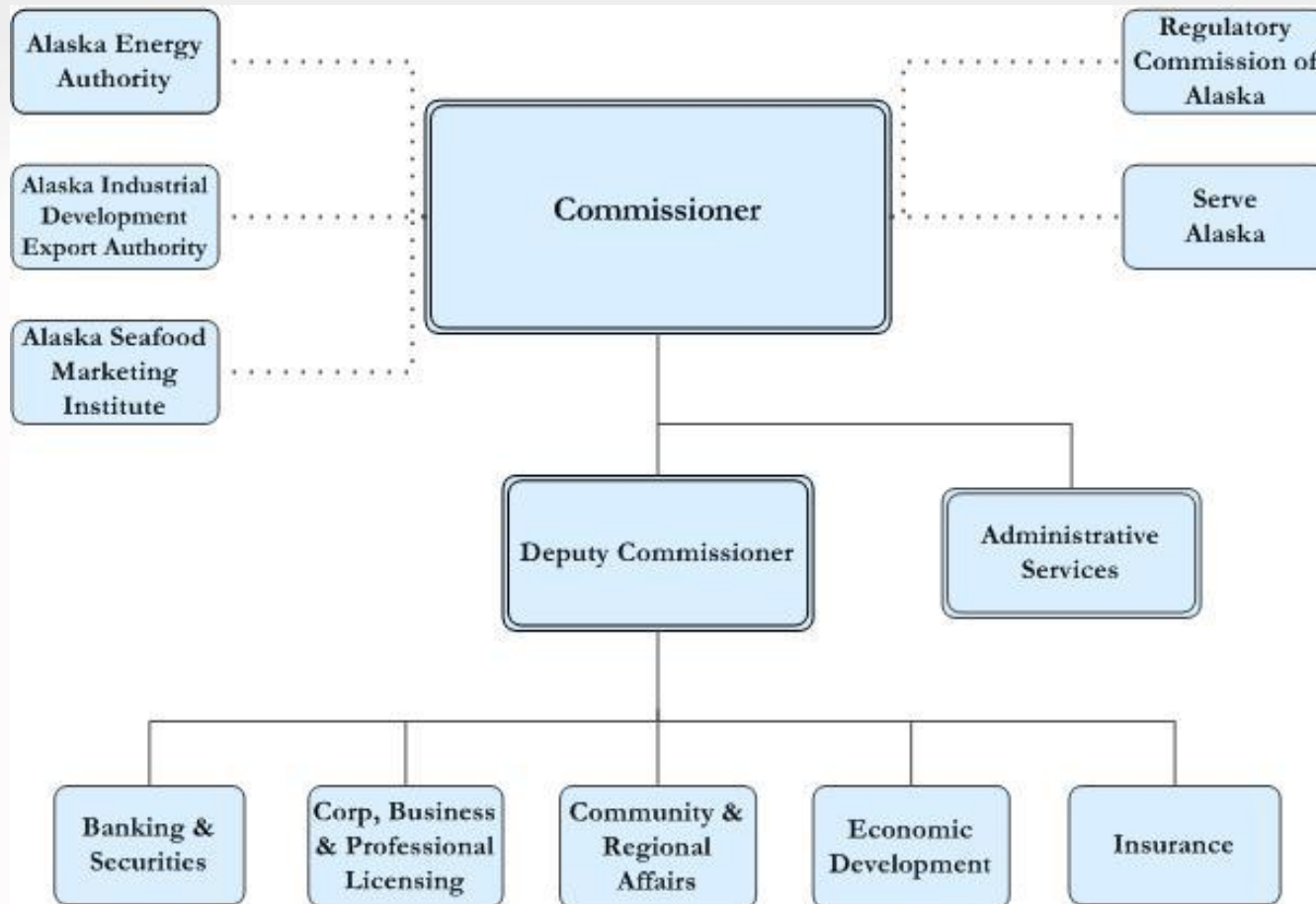
House Finance Committee Alaska State Legislature

January 30, 2012

ALASKA
DEPARTMENT OF
COMMERCE,
COMMUNITY,
AND ECONOMIC
DEVELOPMENT

Budget Overview FY2013

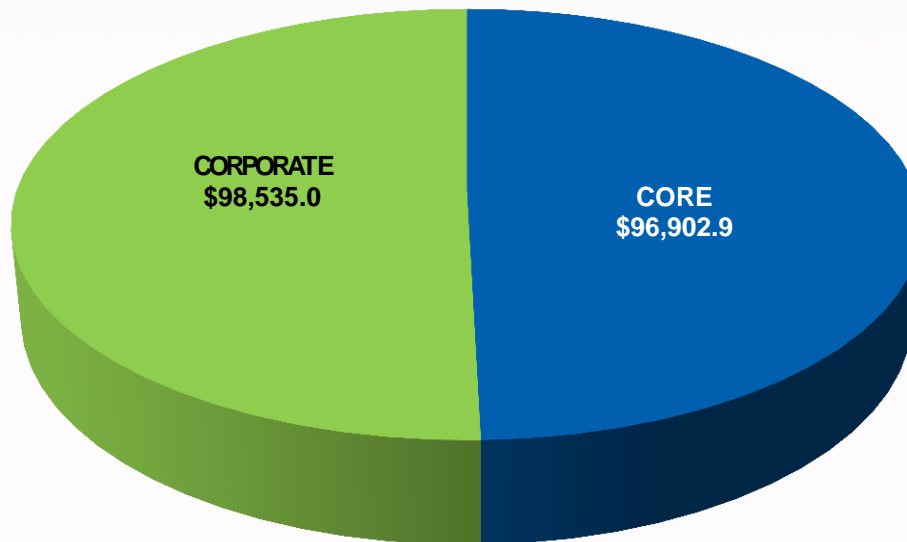
Mission: Promote a healthy economy, strong communities, and protect consumers in Alaska



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

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

Consumer Protection (cont)

■ Insurance

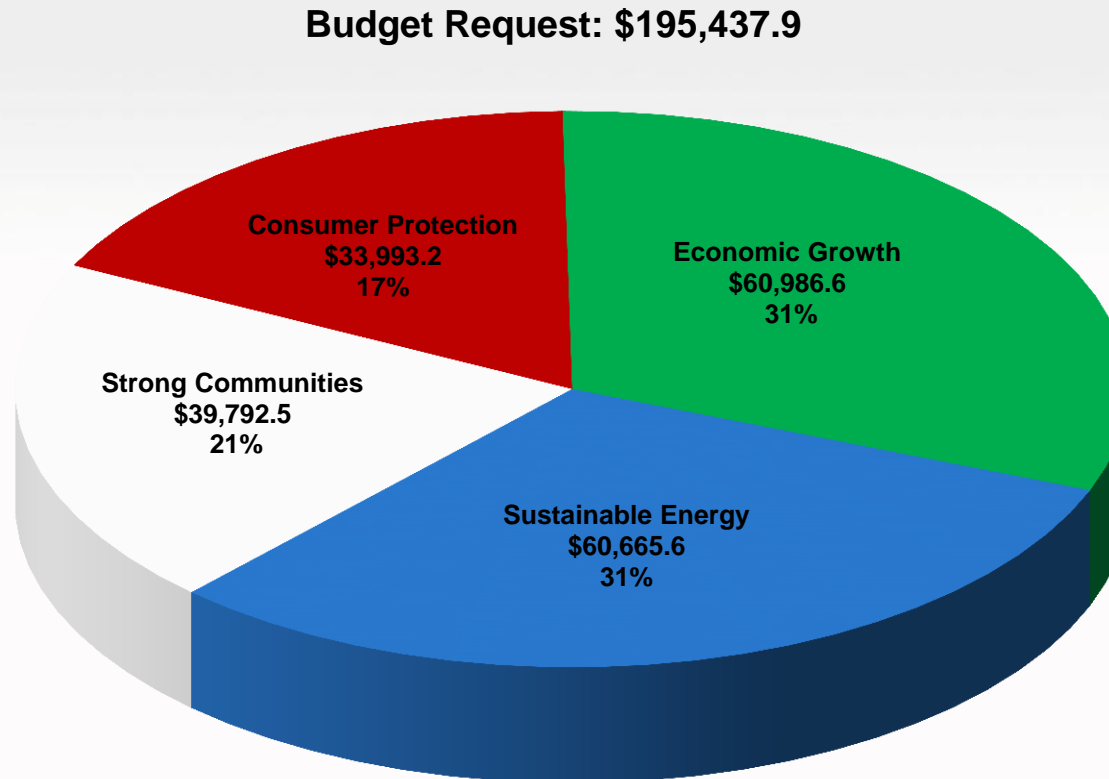
- More than 39,000 licenses issued
- Opened 77 criminal investigations, closed 56
- Registered 21 purchasing groups, admitted 20 new companies, 8 surplus lines insurers, 2 risk retention groups
- Investigated 294 consumer complaints, closed 259 complaints, consumers received \$356,000

■ 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

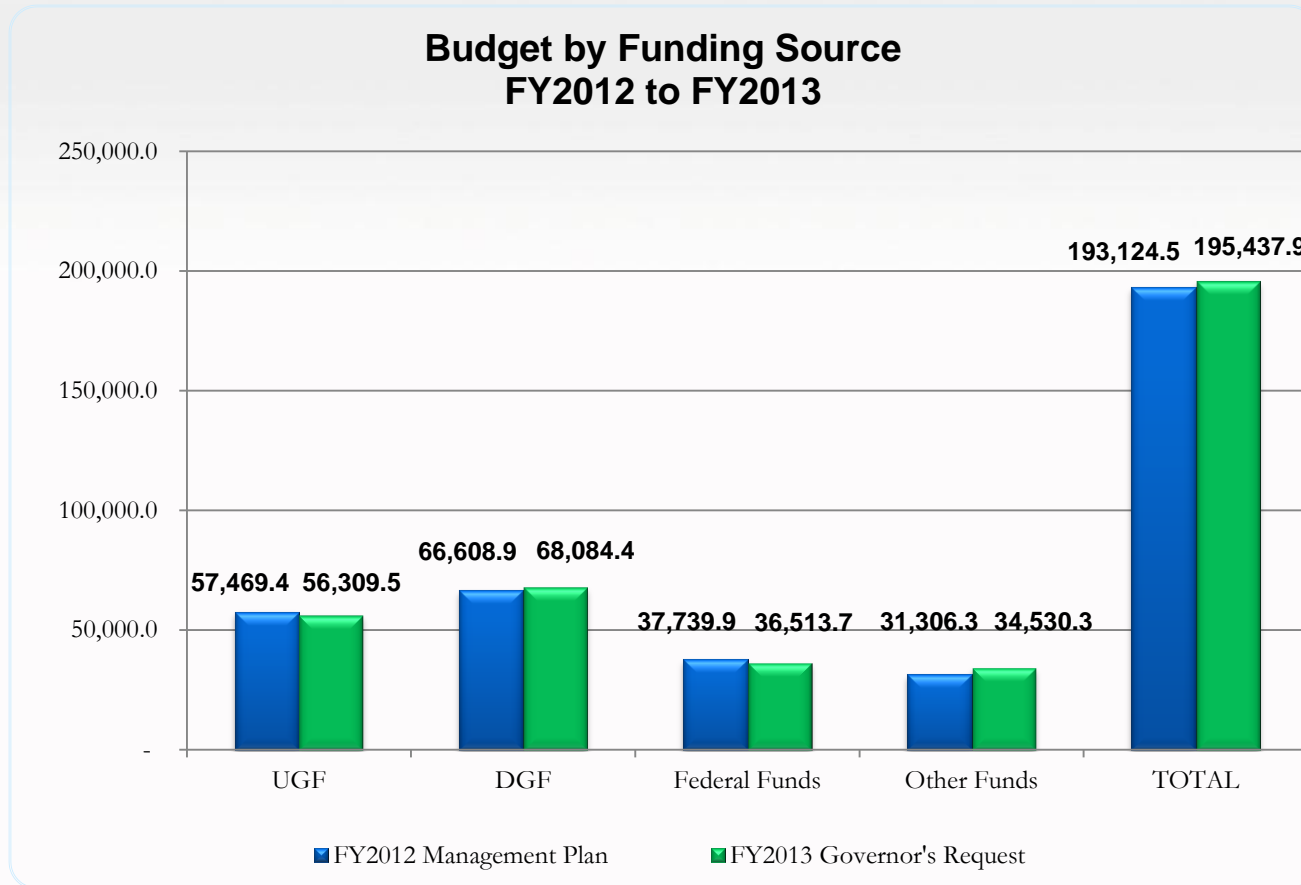
Budget Overview FY2013

Budget by Priority Program



Budget Overview FY2013

Budget by Fund Source





Comments and Questions