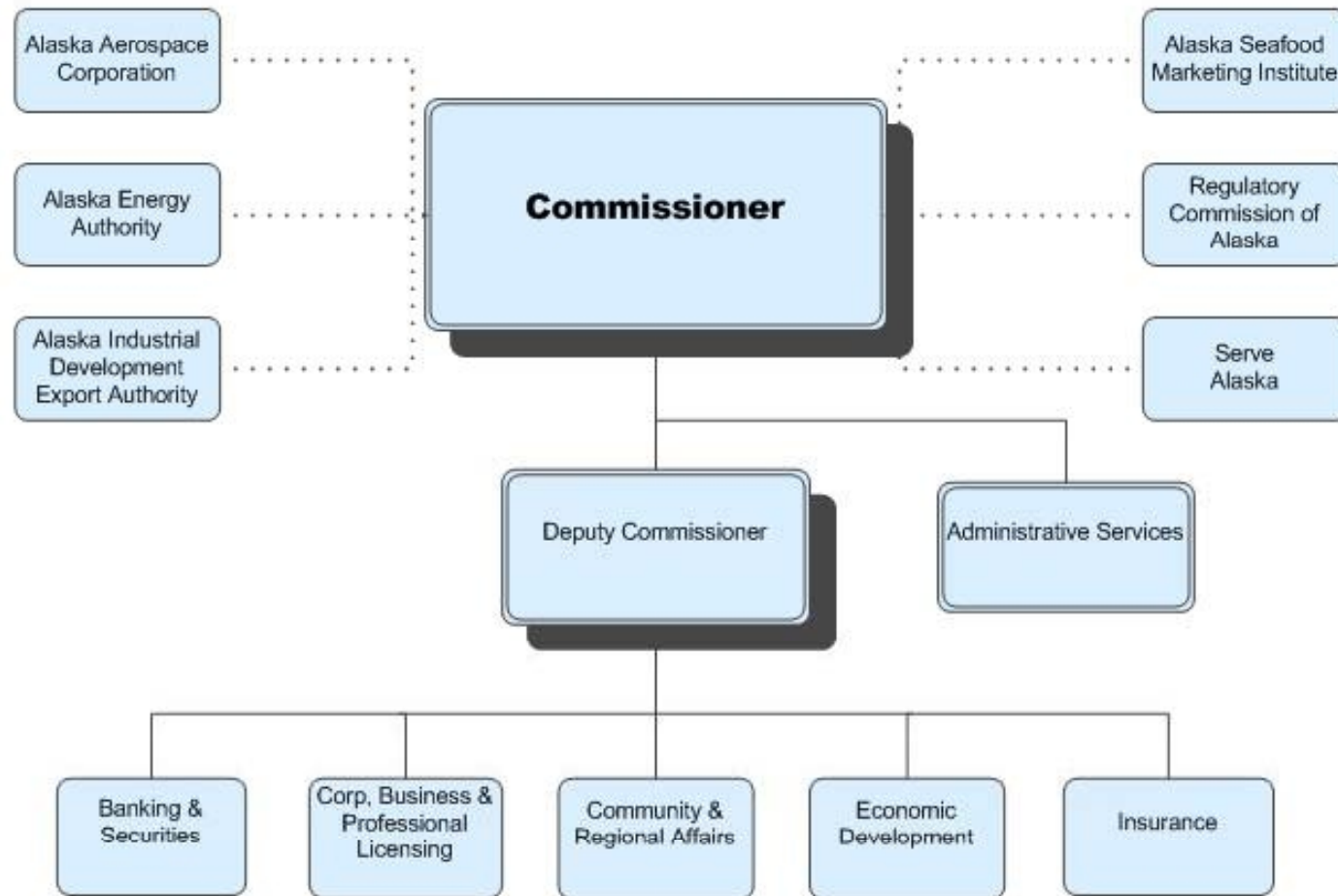


Susan Bell, Commissioner

**Presented to the
House Finance Committee**

January 26, 2011

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



Office Locations



Anchorage

Bethel

Dillingham

Fairbanks

Juneau

Kodiak

Kotzebue

Nome

Tok

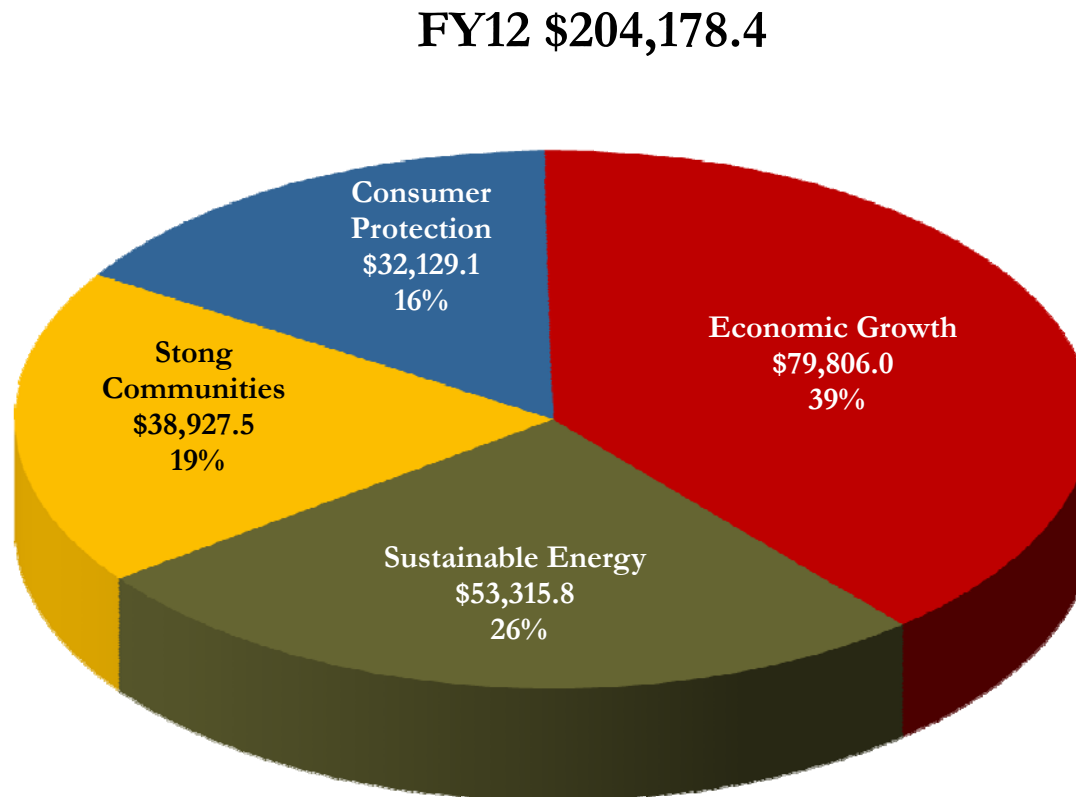
Seattle

Total employees: 538

Priority Programs

- Economic Development
 - Economic Development; Alaska Aerospace; AIDEA; ASMI
- Sustainable Energy
 - Alaska Energy Authority
- Strong Communities
 - Community and Regional Affairs; Serve Alaska
- Consumer Protection
 - Banking and Securities; Insurance; Corporations, Business and Professional Licensing; Regulatory Commission of Alaska

Budget by Priority Program



Economic Development Programs

- Division of Economic Development
 - Strengthening/realigning: finance, marketing, research, business/technical assistance, outreach/coordination
- Financing
 - 268 loans, totaling \$20.3 million
 - Legislation proposing several targeted loan programs
- Made in Alaska
 - 2010 Showcase: 48 vendors and 19 Alaska/national buyers
- Alaska Film Office
 - 29 film productions prequalified for tax credits
 - Marketing and logistical support for productions

Economic Development cont.

- Tourism Development
 - Increased market demand for Alaska travel
 - Created product development and training
 - Engaged industry and conducted economic impact analysis
- Increased outreach and effectiveness
 - Leverage external/internal partners
 - Minerals, forestry, seafood, agriculture, transportation
 - Multi-year international trade strategy
 - Business retention and expansion strategy
 - Expanded presence at key trade shows and forums
 - Council of Economic Advisors
 - Connect Alaska broadband strategy

Economic Development cont.

- **Alaska Aerospace Corporation**
 - Supported Air Force SPT-26 launch in November
 - Planning next launch in May 2011
- **AIDEA**
 - Revolving loan fund assets increase by \$37.1 million
 - FY12 dividend \$29.4 million
 - Expanding development projects and economic dev. tools
- **Alaska Seafood Marketing Institute**
 - Increasing exposure for Alaska seafood in U.S. and international markets

Sustainable Energy

- Completed *Alaska Energy Pathway*, July 2010
- Program Overview
 - Renewable energy development
 - Technical assistance
 - Bulk fuel facility upgrade and loan program
 - Rural power system upgrades
- Renewable Energy Fund grants
 - \$150 million, 133 projects
- Pursuing new projects to meet statewide energy efficiency goals

Strong Communities

- Community and Regional Affairs Overview
 - Local government assistance
 - Rural Utility Business Advisory program (167 communities)
 - Administered \$1.2 Billion in grants in FY11
 - \$34 million to communities (PILT, National Forest Receipts, Fisheries Business Tax, Fisheries Landing Tax) plus Community Revenue Sharing (\$60 million)
 - Land management and planning
 - State assessor, community publications, Local Boundary Commission
 - Bulk Fuel Bridge Loan (21 communities in 2010)

Strong Communities cont.

- Community viability and capacity building are a continuing challenge
 - Increased operating costs, staff turnover, and potential for reduced federal funding
 - Lack of infrastructure and the high cost of doing business in rural Alaska
 - Water, electric, fuel utilities vulnerable – may need more regional strategies
 - Disparity in the ability to attract and evaluate diverse economic development projects
 - High energy costs negatively impact community viability and economic development efforts

Strong Communities cont.

- Implementing FY11 changes
 - Increased onsite technical assistance
 - Land management assistance
- Increase volunteerism
 - Collaborate in national service activities and training
 - 300,934 hours in education, health, public safety, environment
 - Challenges include maintaining technical assistance and sub-grantee monitoring in expanding portfolio

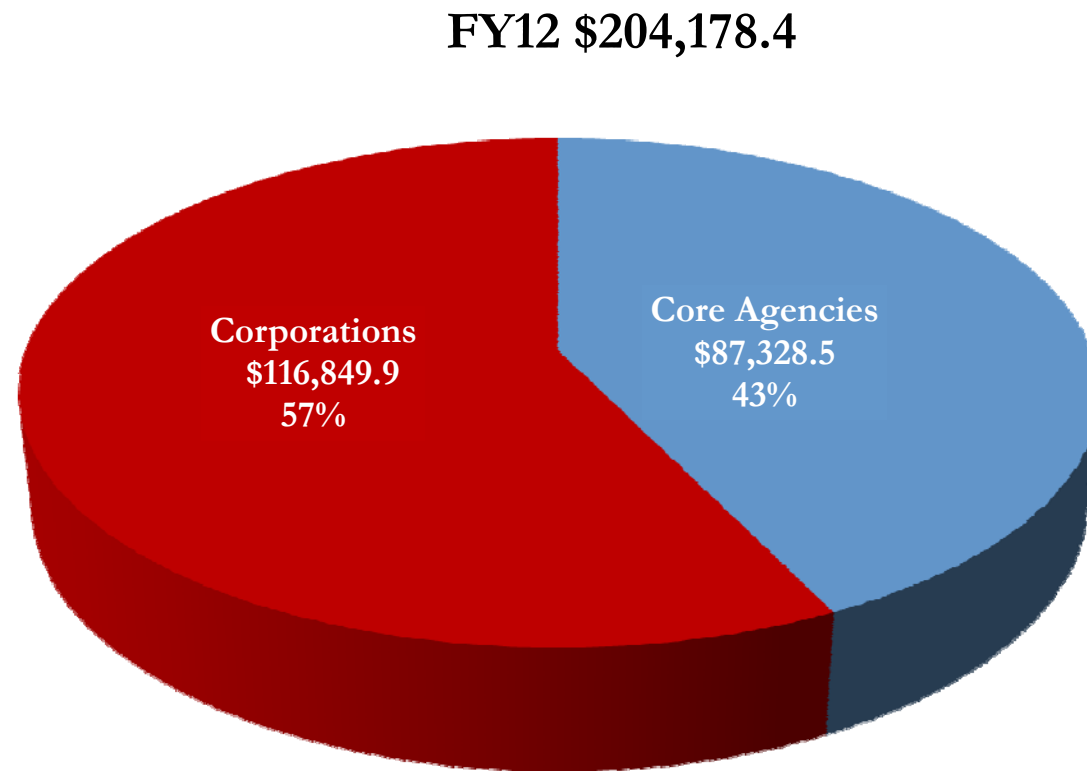
Consumer Protection

- Banking and Securities
 - License, charter and examine banks
 - Consumer education and protection
 - ANCSA proxies
- Insurance
 - Ensure financial solvency
 - License, ensure compliance
 - Criminal investigations
 - Consumer education and protection
 - Challenges include increased number and complexity of insurance products and associated increase in investigations

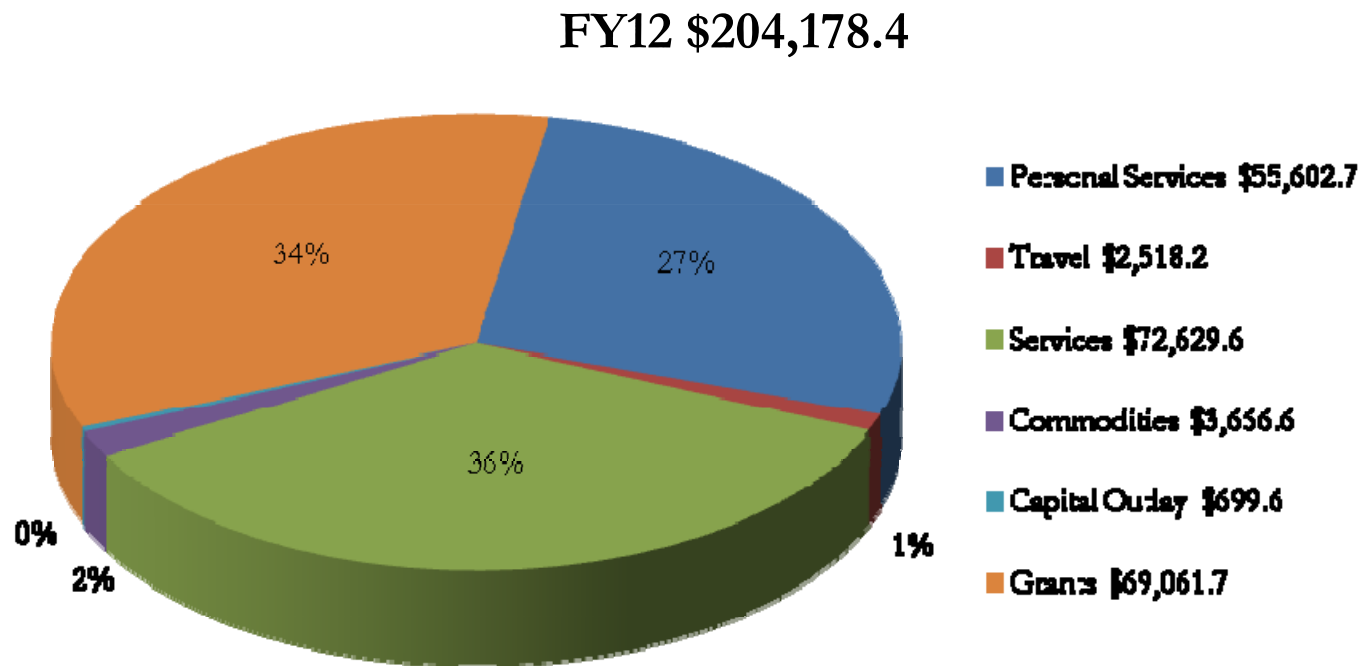
Consumer Protection cont.

- Corporations, Business and Professional Licensing
 - Administer 40 professional licensing programs
 - Business licenses
 - Register corporations and trademarks
 - Consumer outreach and complaint investigation
- Regulatory Commission of Alaska
 - Regulate public utilities and pipeline carriers
 - Tariff filings, dispute resolution, regulations
 - Establish PCE rates
 - Significant challenges include emerging energy issues, changing regulatory environment, and viability of rural utilities
 - FY12 concurrent hearings with FERC on TAPS

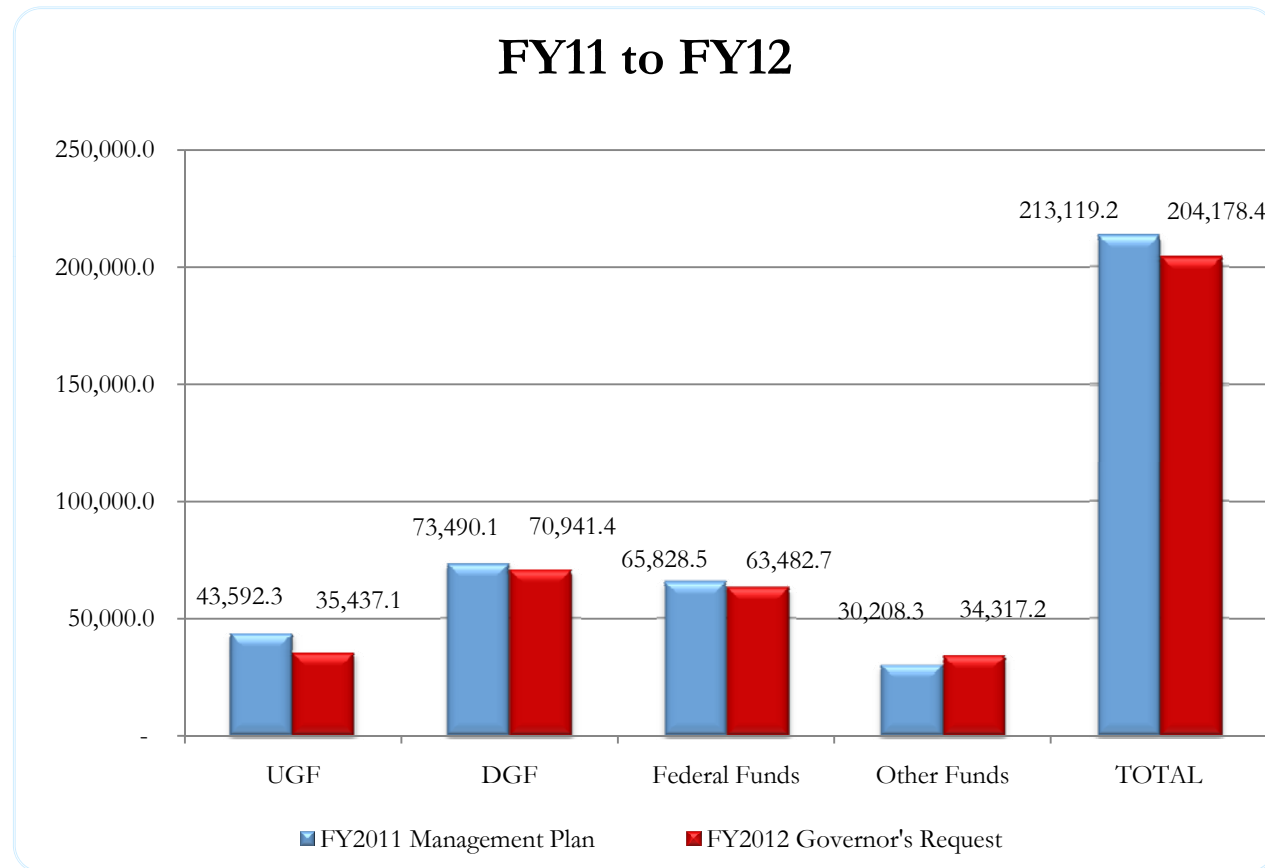
Budget by Agency Type



FY12 Budget by Line Item



Budget by Fund Source



Conclusion

In conclusion, the state and the department have many challenges to address on the path to economic growth and sustainable communities. We look forward to a continued discussion on how to keep the forward momentum, and on the role of the department's core and corporate agencies in this statewide effort. The department's FY2012 budget request reflects a commitment to continue the services of our priority programs for economic development, energy, strong communities, and consumer protection.