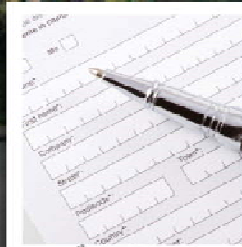


*Economic  
Growth*



*Sustainable  
Energy*



*Consumer  
Protection*



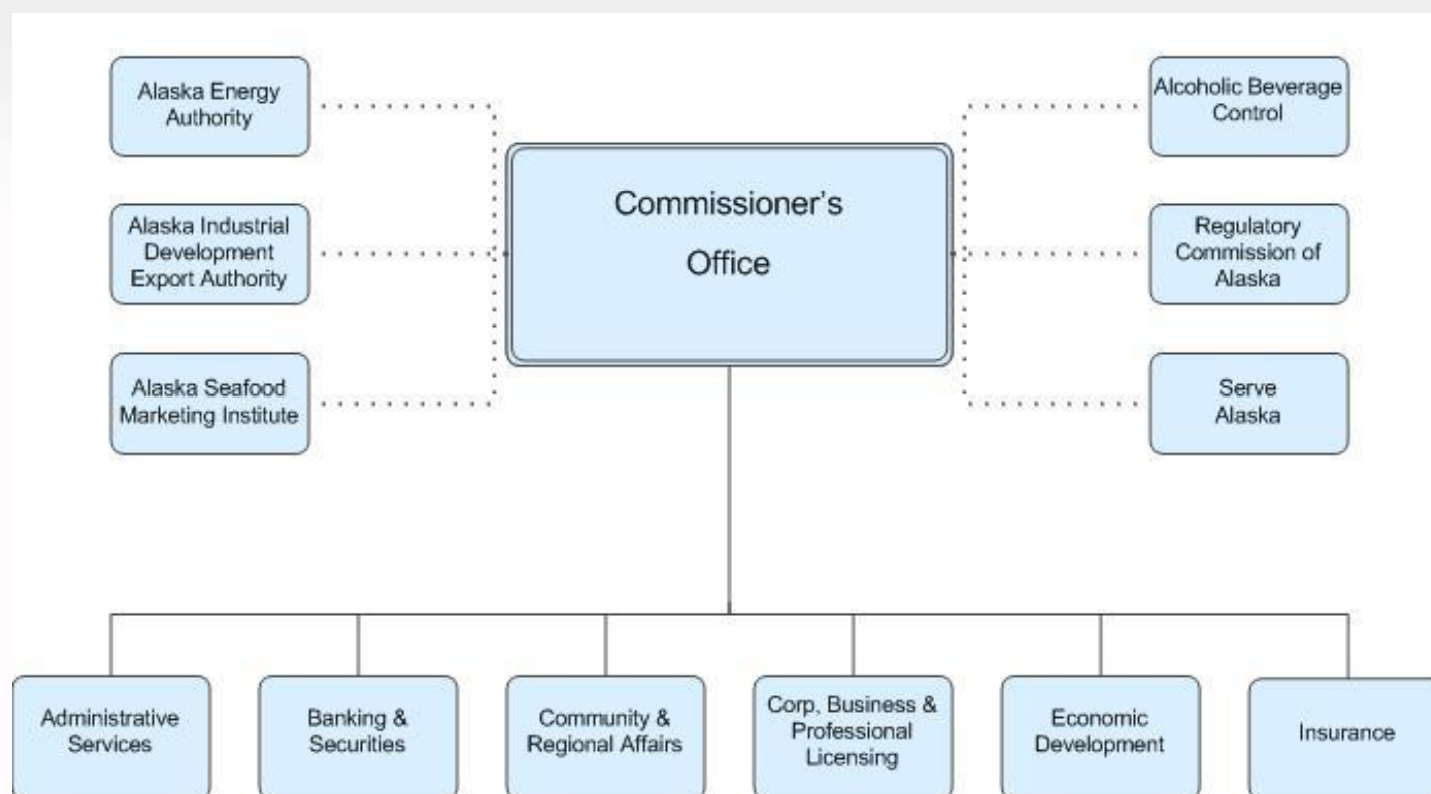
*Strong  
Communities*

# House Finance Sub-Committee Alaska State Legislature January 29, 2013

**ALASKA**  
DEPARTMENT OF  
COMMERCE,  
COMMUNITY,  
AND ECONOMIC  
DEVELOPMENT

# Budget Overview FY2014

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



# Budget Overview FY2014

## Core Services

- **Marketing** Alaskan products and services in key sectors including: seafood, tourism, minerals, forest products, film, and transportation
- Providing **access to capital** for business development
- **Reducing the cost of energy** through development of renewable resources, financing for energy generation and transmission, implementation of energy efficiency programs, grants, and technical assistance
- **Assisting local governments** and unincorporated communities through grants, technical assistance, financial and utility management, and planning
- **Regulating** commercial activities in banking, securities, corporations, professional licensing, alcoholic beverage industry, and public utilities

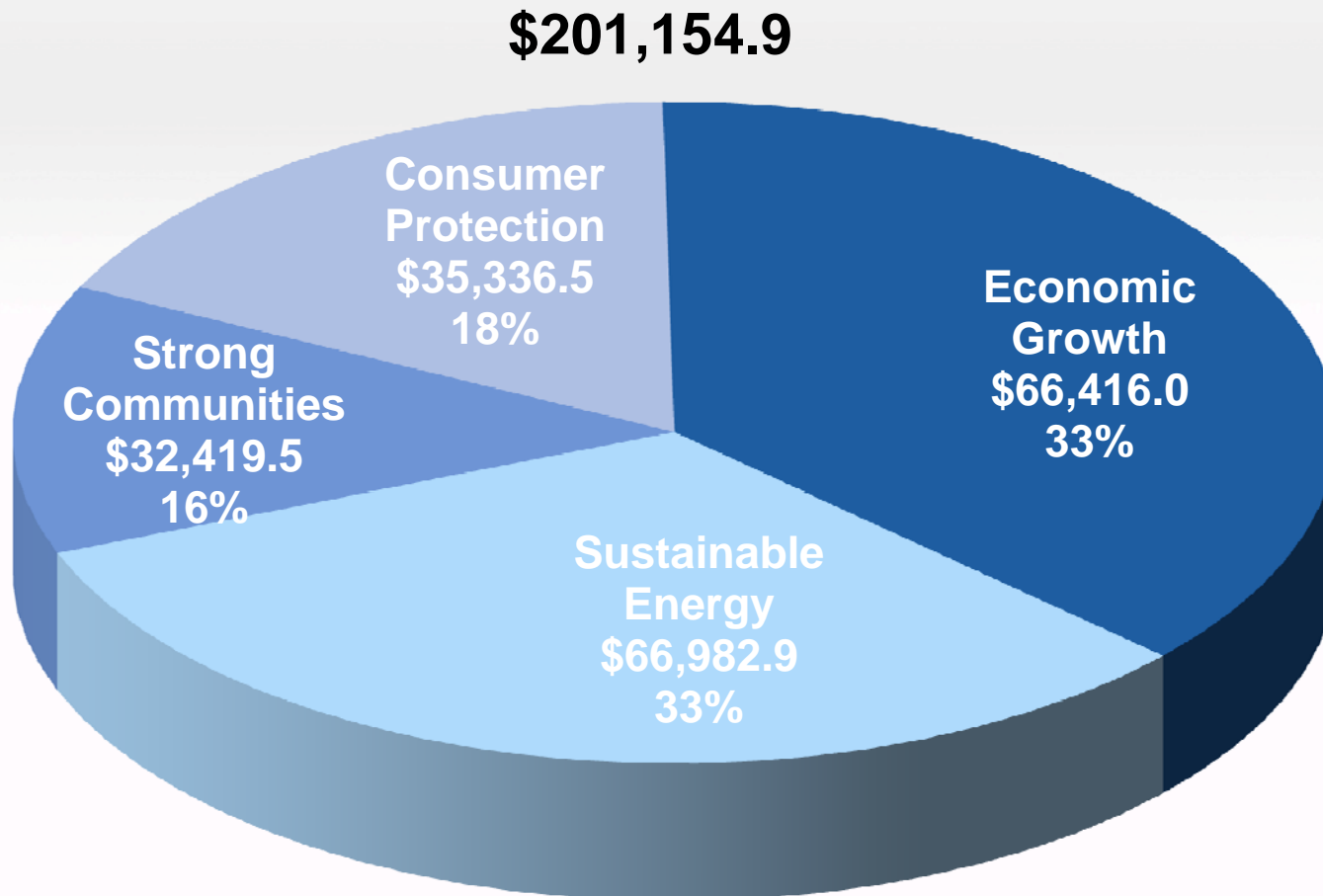
# Budget Overview FY2014

## Challenges

- High cost of energy impacts communities and businesses
- 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
- Ongoing need to educate markets about Alaska products and services
- Uncertainty hampering private investment
- Declining federal funding for rural programs
- Growth of new financial programs that increase fraud and misinformation for consumers

# Budget Overview FY2014

## Budget by Priority Program





# Budget Overview FY2014

## Priority Programs

### ■ **Economic Growth**

- Division of Economic Development, AIDEA, ASMI
- \$66.4 million - 33 percent of budget
- Net \$4.4 million increase
  - ASMI

### ■ **Sustainable Energy**

- Alaska Energy Authority
- \$67 million - 33 percent of budget
- Net \$3.4 million increase
  - PCE and Susitna-Watana Hydro

# Budget Overview FY2014

- **Strong Communities**

- Community and Regional Affairs, Serve Alaska
- \$32.4 million - 16% of budget
- Net \$28 thousand decrease
  - Declining federal RUBA funding, new ALMR grants

- **Consumer Protection**

- Banking and Securities, Insurance, CBPL, Regulatory Commission of Alaska, Alcoholic Beverage Control Board
- \$35.3 million - 18% of budget
- Net \$576.8 thousand decrease
  - Prescription Drug Monitoring grant and OTIs

# Budget Overview FY2014

## Economic Growth

- **Division of Economic Development**

- **Financing:** Commerical fishing and small business development

- 267 loans for \$31.1 million; \$4.8 million Salmon Enhancement Tax distribution to 6 qualified aquaculture associations
    - New revolving loan funds for mariculture, microloans, commercial halibut charter operators, CQE entities, alternative energy

- **Business Development**

- Tourism recovery (1.8 million visitors)
    - Icelandair to begin service in May 2013
    - 25 film productions approved for tax credit, CPA training
    - STEP grant, minerals shows, film shows, Timber Jobs Task Force, Alaska Minerals Commission, Endangered Species Act economic impact, Made in Alaska promotion
- Regional economic planning with ARDORs



# Budget Overview FY2014

## Economic Growth (cont.)

### ■ **Alaska Industrial Development and Export Authority**

- Increased net asset value to over \$1.26 billion, providing a \$20.7 million dividend to the State for FY2014
- S&P upgraded AIDEA's credit rating from AA- to AA+
- Completed 17 loan participations totalling \$34.9 million
- Issued conduit revenue bond for Providence Hospital Complex
- Ketchikan shipyard and Skagway ore terminal expansions, Cook Inlet jack-up rig and JBER projects
- SETS (Sustainable Energy Transmission & Supply) implementation
- 5,500 permanent jobs, 34,200 construction jobs in the last decade

# Budget Overview FY2014

## Economic Growth (cont.)

- **Alaska Seafood Marketing Institute**

- Ex-vessel value up 29 percent, from \$1.7 to \$2.2 billion
- Export volume to ASMI program countries increased by 24 percent in 2011; value increased by 28 percent
- Addressing international focus on sustainable fisheries
- Expanded collaboration with tourism marketing programs, Alaska Grown, and Nutritious Foods in Schools grants
- Opened new office in Brazil to serve the emerging market

# Budget Overview FY2014

## Sustainable Energy

### ■ **Alaska Energy Authority**

- Susitna-Watana Hydro FY13-14 Study Plan filed with FERC
- Renewable Energy Fund approved \$202.5 million for 227 projects
- Disbursed \$39.2 million in PCE grant payments
- Bulk fuel upgrades (72 of 109 completed)
- Rural Power System upgrades (51 of 114 completed)
- Trained 22 bulk fuel and 32 power plant operators; assistance to 47 communities, and emergency response to 10 communities
- 44 Bulk Fuel Loan commitments of \$12.7 million
- 60 energy audits on commercial buildings, \$1.1 million annual savings
- Emerging Energy Technology Fund Program received 70 proposals – 16 selected for funding in 2012

# Budget Overview FY2014

## Strong Communities

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

- Management sustainability indicators were met by 294 of 386 community entities, a 24% increase
- RUBA assisted 208 communities and trained 161 utility managers
- Bulk Fuel Bridge Loans (7% increase) to 16 communities; Fuel Watch Initiative – 850 calls to 341 communities verifying adequate fuel supplies
- \$1.4 billion distributed through 1,900 state and federal grants – including Nutritious Foods in Schools Program
- Community Revenue Sharing \$80 million; \$29 million distributed for PILT, NFR, fisheries business tax, fisheries landing tax
- Local Boundary Commission completed transactions in 9 communities
- Finalized digital orthophoto maps in 14 communities

# Budget Overview FY2014

## Strong Communities (cont)

### ■ **Serve Alaska**

- 285,000 hours of volunteer service, over \$6 million value in the areas of health, education, environment and social services
- 1,099 health and wellness activities/events in rural Alaska
- 1,551 high school drop outs enrolled in GED or high school diploma activities
- 68 tons of steel, aluminum, plastic, cardboard, paper, and scrap metal backhauled to recycling facilities
- 2,591 ex-offenders received re-entry job placement services

# Budget Overview FY2014

## Consumer Protection

### ■ **Banking and Securities**

- 52 institutions examined; all profitable and well capitalized
- Issued new licenses to 5 premium finance companies, 3 payday lenders, 500 loan originators, 203 mortgage broker/lenders, and 56 money services
- 5,949 mutual fund and investment trusts notice filings, 411 securities registrations, 1,243 broker-dealers, and 726 investment advisors
- Collected over \$13 million in fees

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

- Licensees increased 9% for a total of 63,197 professional licenses and 66,731 business licenses
- Streamlined corporate filings
- Newly formed/registered corporations total 5,966, 6% increase over FY11



# Budget Overview FY2014

## Consumer Protection (cont.)

- 39 professional licensing programs received revenue and expense reports reconciled to 10 years of state accounting system data
- Quarterly financial reports are now provided to all programs
- Investigations received 1,394 intakes/complaints; opened 463 new cases; took 308 licensing actions; and closed 446 cases
- **Insurance**
  - Issued 41,735 licenses; registered 27 purchasing groups; admitted 19 new insurance companies, 1 surplus line insurer, and 2 risk retention groups
  - Opened 57 and closed 35 criminal investigations; investigated 290 consumer complaints, took actions resulting in \$145,888 to consumers
  - Collected \$65 million in premium taxes, penalties and fees in FY12

# Budget Overview FY2014

## Consumer Protection (cont.)

### ■ **Alcoholic Beverage Control Board**

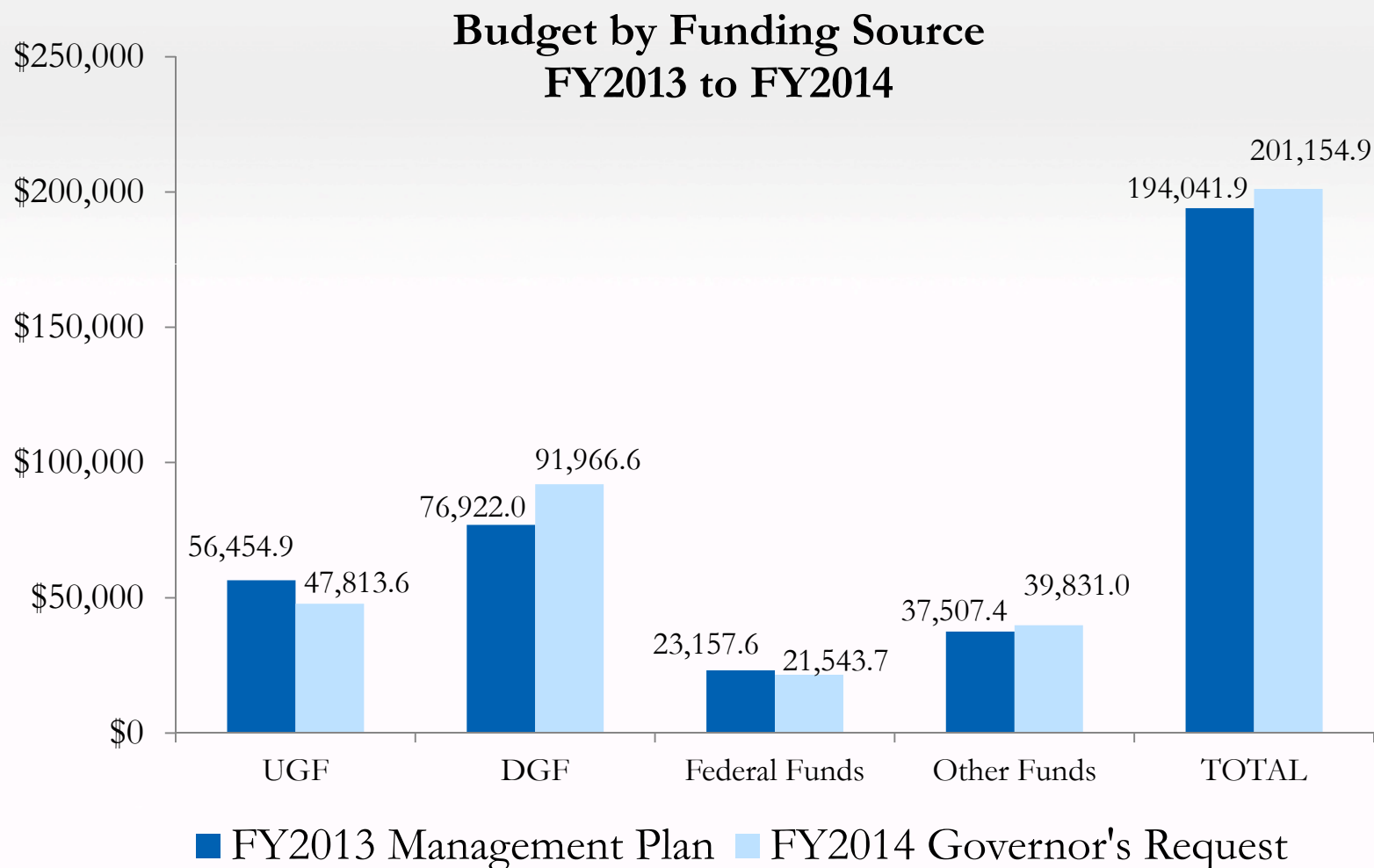
- Licensees achieved 87 percent compliance with laws, continuing a steady increase for the third year
- In a recent study, Alaska was shown to have the lowest percentage of sales by retailers to underage persons

### ■ **Regulatory Commission of Alaska**

- Implemented electronic filing to reduce filing costs, increase efficiency and facilitate communication for general public, public utilities, and pipeline carriers
- Approved railbelt electric utility agreement to purchase wind energy over 25-year term, assuring payments for the power could be recovered in utility rates
- Resolved consumer complaints resulting in credits to customers in multiple instances

# Budget Overview FY2014

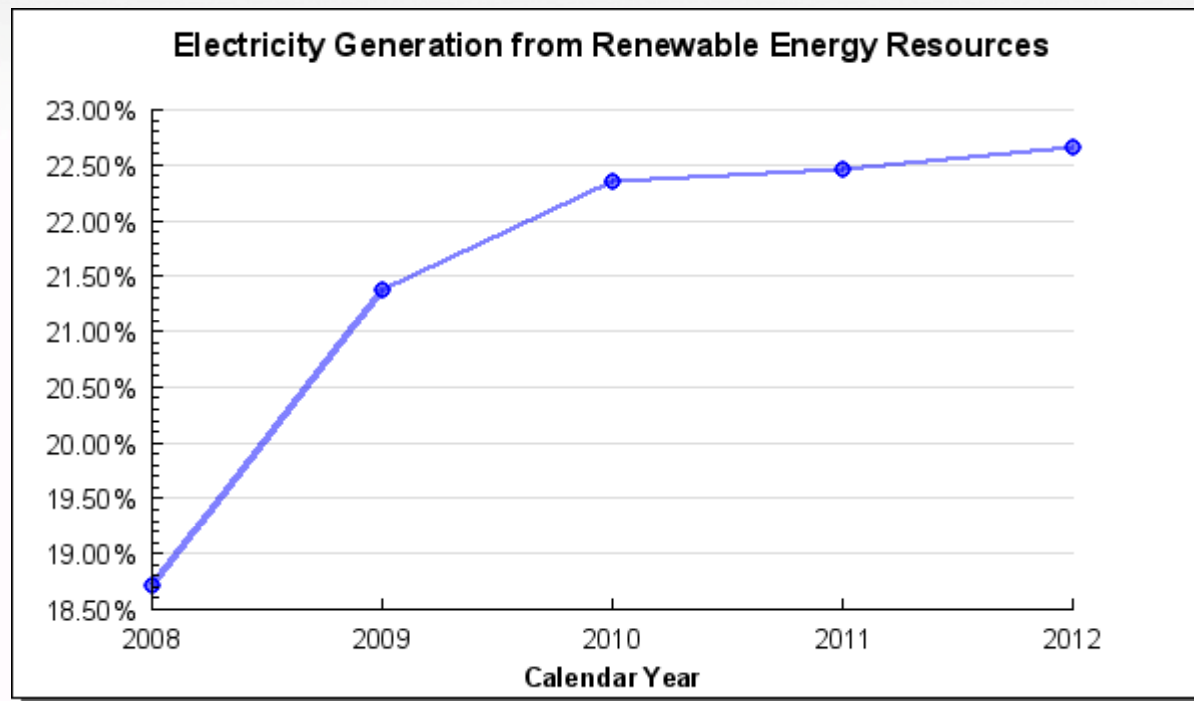
## Budget by Fund Source



# Budget Overview FY2014

## Performance Measure

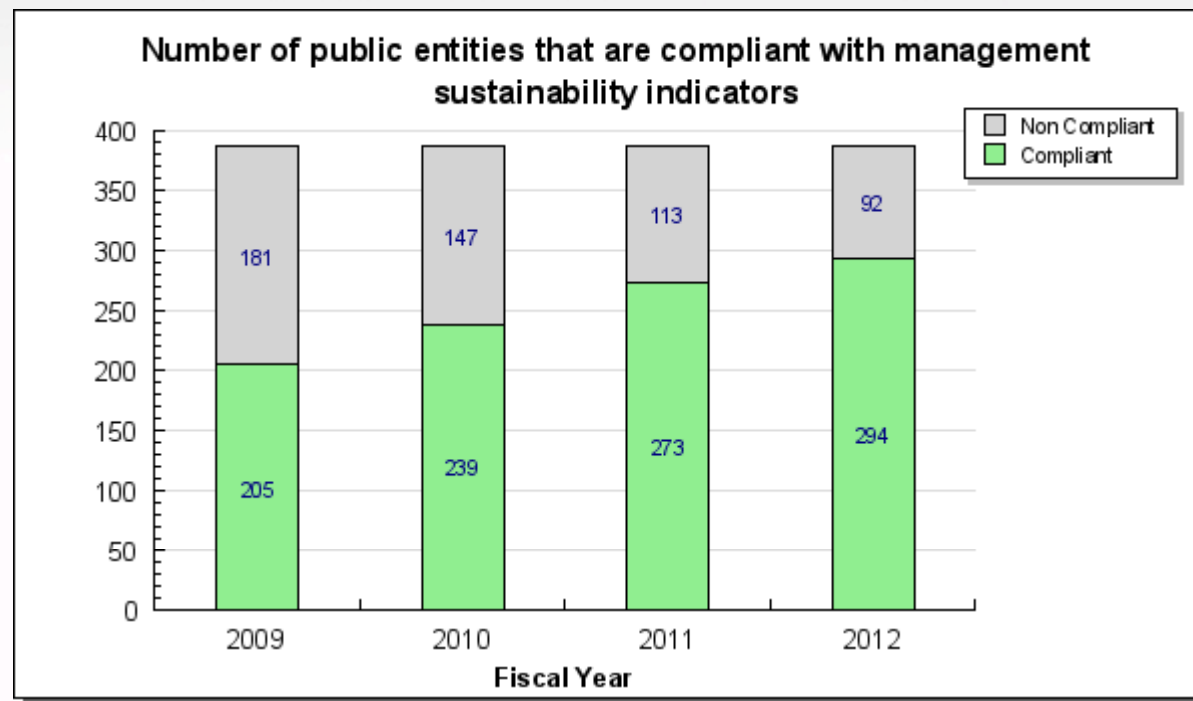
**Target :** By 2025, 50 percent of electricity generation is from renewable sources.



# Budget Overview FY2014

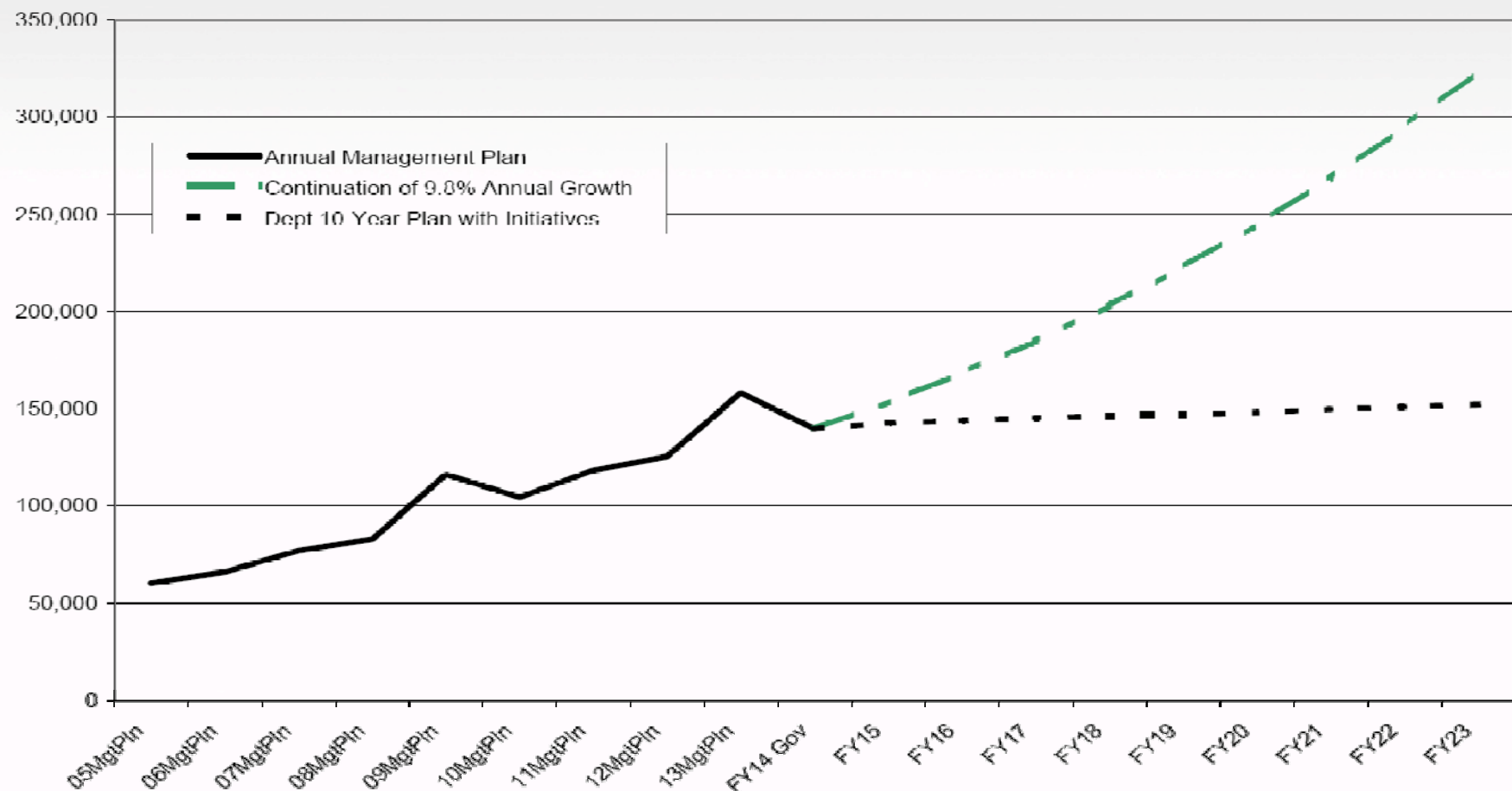
## Performance Measure

**Target :** Reduce the number of communities that are noncompliant with management sustainability indicators by five percent each year.



# Budget Overview FY2014

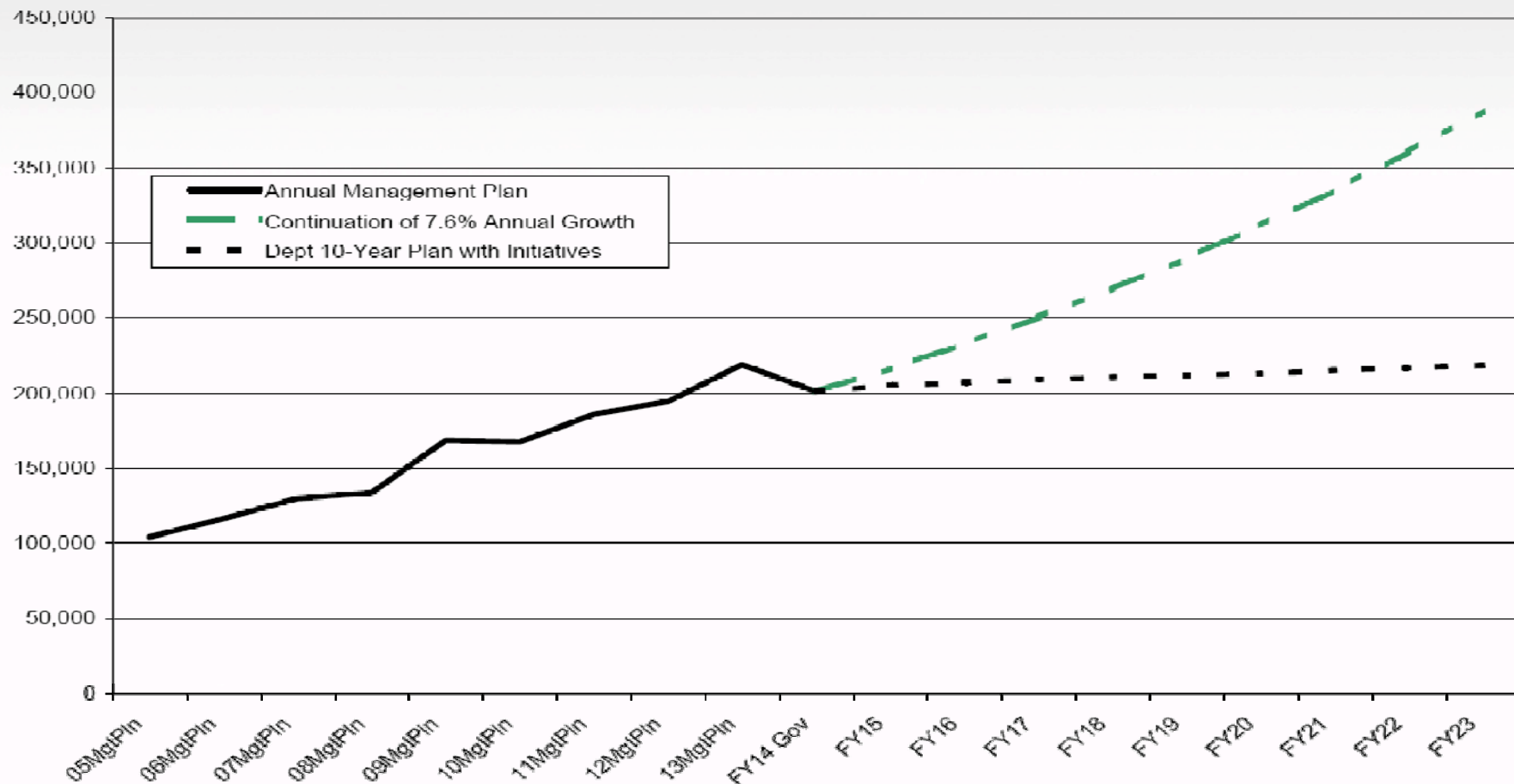
**Department of Commerce, Community & Economic Development**  
**Continued Budget Growth Compared to 10-Year Plan**  
 (GF Only)  
 (\$ Thousands)





# Budget Overview FY2014

**Department of Commerce, Community & Economic Development  
Continued Budget Growth Compared to 10-Year Plan  
(All Funds)  
(\$ Thousands)**





# Comments and Questions