



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Division of Corporations, Business and Professional Licensing Program Deficits

presented to
Senate Labor & Commerce

Division Director Janey Hovenden

January 19, 2016



Overview

The mission of the Division of Corporations, Business and Professional Licensing is to ensure that competent, professional and regulated commercial services are available to Alaska consumers.

This division is fully supported by fee receipts.

68,935 licensees

Business Licensing

- Process applications and issue licenses
- Grant tobacco endorsements

60,469 entities in good standing

Corporations

- Register and maintain reporting corporate compliance
- Register trademarks

71,642 licensees

Professional Licensing

- Provide public protection through licensure of professionals
- Support to all boards and licensing programs
- Respond to public complaints Enforce licensing statutes and regulations

43 licensing programs:

21 boards and commissions

22 managed by the division



Fee Analysis

Significant improvements

- New, detailed tool to analyze fees
- Programs monitored more frequently
- Strengthened partnership and communication with boards
- Professional Licensing ended FY15 in a surplus position for the second year in a row

Ongoing Challenges

- Fee spikes created by unanticipated investigations or appeals of board decisions
- The majority of revenue is collected every other year, forcing programs to operate in deficit unless large fees increases are implemented



Fee Analysis Tool

| Fee Type | Current fee schedule | | | Proposed by board | | | | Proposed by division | | | | Adjustments | | |
|---|----------------------|-----------------|-------------------|-------------------|---------------------------------|------------------------------------|----------|----------------------|---------------------------------|------------------------------------|----------|--|-------------------|------------------------|
| | Current Fee | Projected Units | Projected Revenue | Fee Adjustment | Fee with Recommended Adjustment | Projected Revenue after Adjustment | % Change | Fee Adjustment | Fee with Recommended Adjustment | Projected Revenue after Adjustment | % Change | Fee Adjustment for Estimated Prorated Renewals | Projected Units** | Projected Revenue Loss |
| Application Fee | 200 | 302 | \$ 60,400 | - | \$ 200 | \$ 60,400 | 100% | 0 | \$ 200 | \$ 60,400 | 100% | | | |
| Guide Exam or Retake | 125 | 30 | 3,750.00 | - | 125 | 3,750 | 100% | 0 | 125 | 3,750 | 100% | | | |
| Game Management Exam | 390 | 110 | 42,900.00 | 10 | 400 | 44,000 | 103% | 10 | 400 | 44,000 | 103% | | | |
| Hunt Record or Transporter Activity Report Filing** | - | 5865 | - | 100 | 100 | 586,500 | 0% | 50 | 50 | 293,250 | 0% | | | |
| Transporter Use Area Registration* | - | 481 | - | - | - | - | 0% | 0 | - | - | 0% | | | |
| Guide Use Area Registration* | - | 481 | - | 100 | 100 | 120,250 | 0% | 100 | 100 | 120,250 | 0% | | | |
| New Master Guide (Resident) | 650 | 18 | 11,700.00 | 200 | 850 | 15,300 | 131% | 200 | 850 | 15,300 | 131% | (425.00) | 5 | (2,125.00) |
| New Master Guide (Non-Resident) | 1,300 | 2 | 2,600.00 | 400 | 1,700 | 3,400 | 131% | 400 | 1,700 | 3,400 | 131% | (850.00) | 1 | (850.00) |
| Renew Master Guide (Resident) | 650 | 132 | 85,800.00 | 200 | 850 | 112,200 | 131% | 200 | 850 | 112,200 | 131% | | | |
| Renew Master Guide (Non-Resident) | 1,300 | 13 | 16,900.00 | 400 | 1,700 | 22,100 | 131% | 400 | 1,700 | 22,100 | 131% | | | |
| New Registered Guide (Resident) | 650 | 28 | 18,200.00 | 200 | 850 | 23,800 | 131% | 200 | 850 | 23,800 | 131% | (425.00) | 10 | (4,250.00) |
| New Registered Guide (Non-Resident) | 1,300 | 4 | 5,200.00 | 400 | 1,700 | 6,800 | 131% | 400 | 1,700 | 6,800 | 131% | (850.00) | 2 | (1,700.00) |
| Renew Registered Guide (Resident) | 650 | 408 | 265,200.00 | 200 | 850 | 346,800 | 131% | 200 | 850 | 346,800 | 131% | | | |
| Renew Registered Guide (Non-Resident) | 1,300 | 60 | 78,000.00 | 400 | 1,700 | 102,000 | 131% | 400 | 1,700 | 102,000 | 131% | | | |
| New Class-A Asst Guide (Resident) | 360 | 12 | 4,320.00 | 50 | 410 | 4,920 | 114% | 50 | 410 | 4,920 | 114% | (205.00) | | (410.00) |
| New Class-A Asst Guide (Non-Resident) | 720 | 2 | 1,440.00 | 100 | 820 | 1,640 | 114% | 100 | 820 | 1,640 | 114% | (410.00) | 0 | - |
| Renew Class-A Asst Guide (Resident) | 360 | 126 | 45,360.00 | 50 | 410 | 51,660 | 114% | 50 | 410 | 51,660 | 114% | | | |
| Renew Class-A Asst Guide (Non-Resident) | 720 | 14 | 10,080.00 | 100 | 820 | 11,480 | 114% | 100 | 820 | 11,480 | 114% | | | |
| New Assistant Guide (Resident) | 360 | 104 | 37,440.00 | 50 | 410 | 42,640 | 114% | 50 | 410 | 42,640 | 114% | (205.00) | 19 | (3,895.00) |
| New Assistant Guide (Non-Resident) | 720 | 94 | 67,680.00 | 100 | 820 | 77,080 | 114% | 100 | 820 | 77,080 | 114% | (410.00) | 26 | (10,660.00) |
| Renew Assistant Guide (Resident) | 360 | 617 | 222,120.00 | 50 | 410 | 252,970 | 114% | 50 | 410 | 252,970 | 114% | | | |
| Renew Assistant Guide (Non-Resident) | 720 | 413 | 297,360.00 | 100 | 820 | 338,660 | 114% | 100 | 820 | 338,660 | 114% | | | |
| New Transporter (Resident) | 650 | 40 | 26,000.00 | 200 | 850 | 34,000 | 131% | 200 | 850 | 34,000 | 131% | (425.00) | 14 | (5,950.00) |
| New Transporter (Non-Resident) | 1,300 | 4 | 5,200.00 | 400 | 1,700 | 6,800 | 131% | 400 | 1,700 | 6,800 | 131% | (850.00) | 1 | (850.00) |
| Renew Transporter (Resident) | 650 | 186 | 120,900.00 | 200 | 850 | 158,100 | 131% | 200 | 850 | 158,100 | 131% | | | |
| Renew Transporter (Non-Resident) | 1,300 | 8 | 10,400.00 | 400 | 1,700 | 13,600 | 131% | 400 | 1,700 | 13,600 | 131% | | | |
| Exam Prep Packet | 100 | 2 | 200.00 | - | 100 | 200 | 100% | 0 | 100 | 200 | 100% | | | |
| Retired Master/Reg Guides | 300 | 12 | 3,600.00 | - | 300 | 3,600 | 100% | 0 | 300 | 3,600 | 100% | | | |
| Retired Class-A Asst Guides | 175 | 0 | - | - | 175 | - | 100% | 0 | 175 | - | 100% | | | |
| Centralized Fees | 9,891 | 1 | 9,891 | - | 9,891 | 9,891 | 100% | - | 9,891 | 9,891 | 100% | | | |
| | | \$ | \$ 1,452,641 | | | \$ 2,454,541 | | | | \$ 2,161,291 | | | | \$ (30,690) |

* New Fee - Based on 2015/16 GUA registration expirations, assuming half will renew annually and half will renew for five years; TUA requires board to propose regulations to create it

** New Fee - Based on FY13 and FY14 HIR/TARs

***Fines in FY14 were \$14,250

***FY15 projection based on FY13 actuals to reflect a similar license cycle, adjusted higher if FY15 3rd Q reflects higher revenue/expense

Beginning Cumulative Surplus must be from FY2014

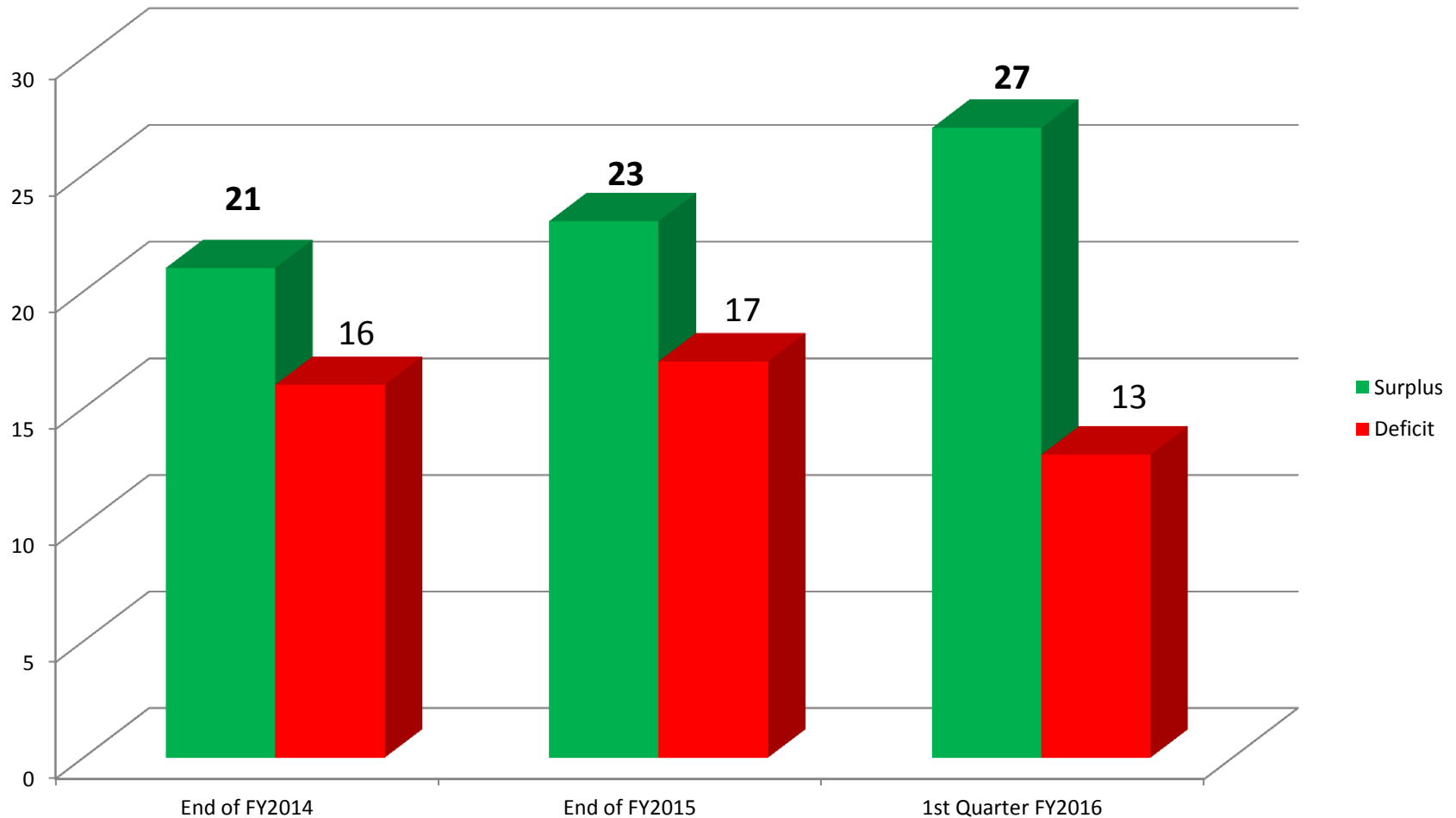
| Revenues and Expenditures | CALCULATIONS BASED ON CURRENT FEES | | | | |
|--|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | FY2012/2013 Actuals | FY2014(Rpt) FY2015*** | Projected FY2016/2017 | Projected FY2018/2019 | Projected FY2020/2021 |
| Revenue | 735,399 | 989,098 | 1,452,641 | 1,452,641 | 1,452,641 |
| Expenses | (1,166,017) | (1,067,881) | | | |
| Adjustments | | | | | |
| Expenses adjusted for 2% biennial increase | | | (1,089,239) | (1,111,023) | (1,133,244) |
| Fee adjustment for pro-rated renewal | | | (30,690) | (30,690) | (30,690) |
| Projected Net | | (78,783) | 332,712 | 310,928 | 288,707 |
| Beginning Cumulative Surplus (Deficit) | | (1,041,267) | (1,120,050) | (787,338) | (476,410) |
| Ending Cumulative Surplus (Deficit) | | (1,120,050) | (787,338) | (476,410) | (187,703) |

| Revenues and Expenditures | CALCULATIONS BASED ON BOARD'S PROPOSAL | | | |
|--|--|-----------------------|-----------------------|-----------------------|
| | FY2014(Rpt) FY2015*** | Projected FY2016/2017 | Projected FY2018/2019 | Projected FY2020/2021 |
| Revenue | 989,098 | 2,454,541 | 2,454,541 | 2,454,541 |
| Expenses | (1,067,881) | | | |
| Adjustments | | | | |
| Expenses adjusted for 2% biennial increase | | (1,089,239) | (1,111,023) | (1,133,244) |
| Fee adjustment for pro-rated renewal | | (30,690) | (30,690) | (30,690) |
| Projected Net | | (78,783) | 1,334,612 | 1,312,828 |
| Beginning Cumulative Surplus (Deficit) | | (1,041,267) | (1,120,050) | 214,562 |
| Ending Cumulative Surplus (Deficit) | | (1,120,050) | 214,562 | 1,527,390 |

| Revenues and Expenditures | CALCULATIONS BASED ON DIVISION'S PROPOSAL | | | |
|--|---|-----------------------|-----------------------|-----------------------|
| | FY2014(Rpt) FY2015*** | Projected FY2016/2017 | Projected FY2018/2019 | Projected FY2020/2021 |
| Revenue | 989,098 | 2,161,291 | 2,161,291 | 2,161,291 |
| Expenses | (1,067,881) | | | |
| Adjustments | | | | |
| Expenses adjusted for 2% biennial increase | | (1,089,239) | (1,111,023) | (1,133,244) |
| Fee adjustment for pro-rated renewal | | (30,690) | (30,690) | (30,690) |
| Projected Net | | (78,783) | 1,041,362 | 1,019,578 |
| Beginning Cumulative Surplus (Deficit) | | (1,041,267) | (1,120,050) | (78,688) |
| Ending Cumulative Surplus (Deficit) | | (1,120,050) | (78,688) | 940,890 |

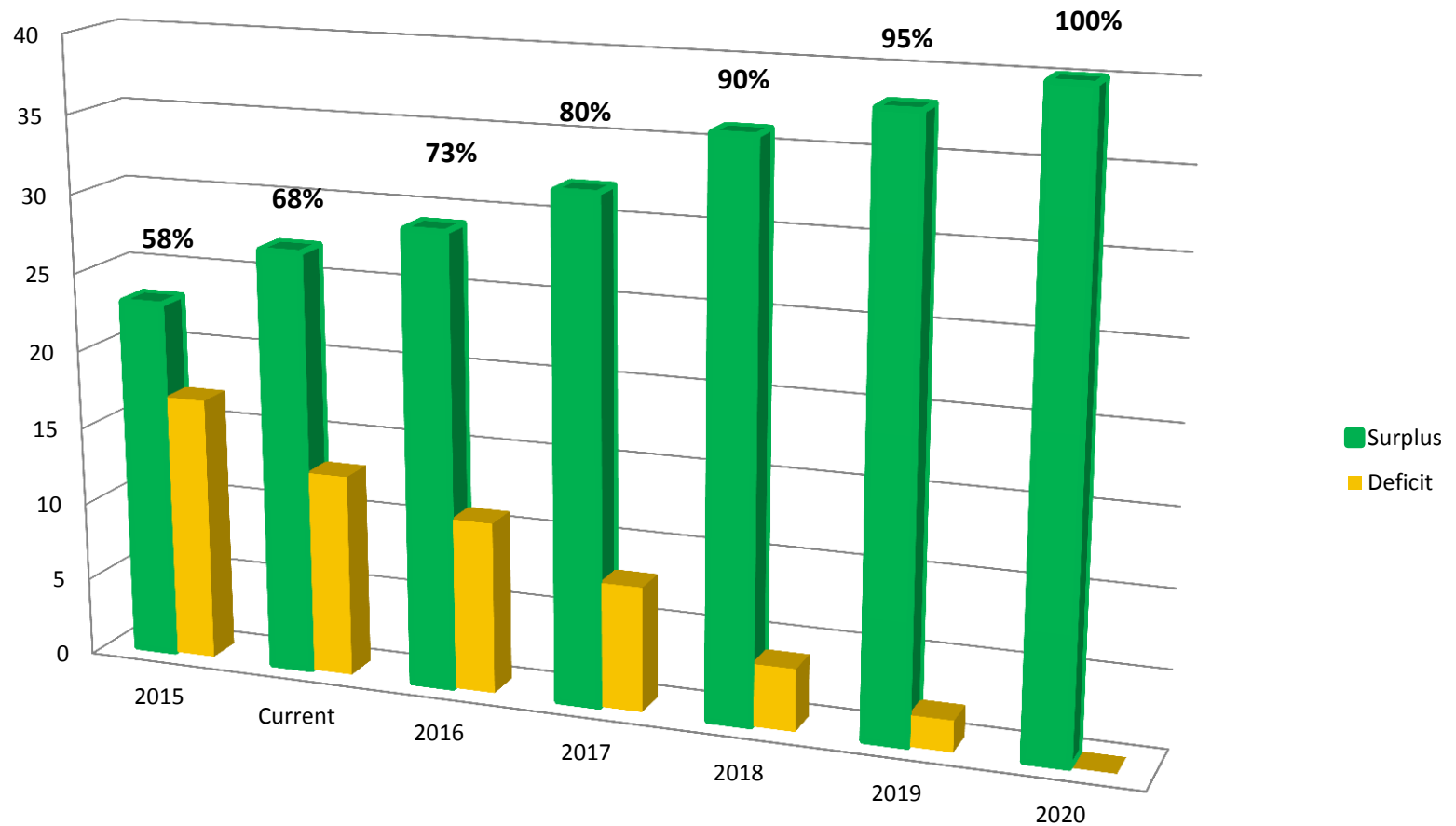


Professional Licensing Fee Improvements





Projected Programs in Surplus



* by calendar year



Questions?