



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Department Overview presented to House Finance Subcommittee

Fred Parady, Deputy Commissioner

Catherine Reardon, Administrative Services Director

January 31, 2017



Mission & Core Services

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

Framework for a Strong Economy:

- **Economic Growth**
- **Strong Communities**
- **Affordable Energy**
- **Consumer Protection**
- **Reliable Regulatory Structure**

Department Home

<https://www.commerce.alaska.gov/web/>

Duties of the Department

<http://www.legis.state.ak.us/basis/statutes.asp#44.33.010>

Alaska Constitution - Article X § 14

<https://ltgov.alaska.gov/services/alaskas-constitution/>

FY2018 Budget & Statutes

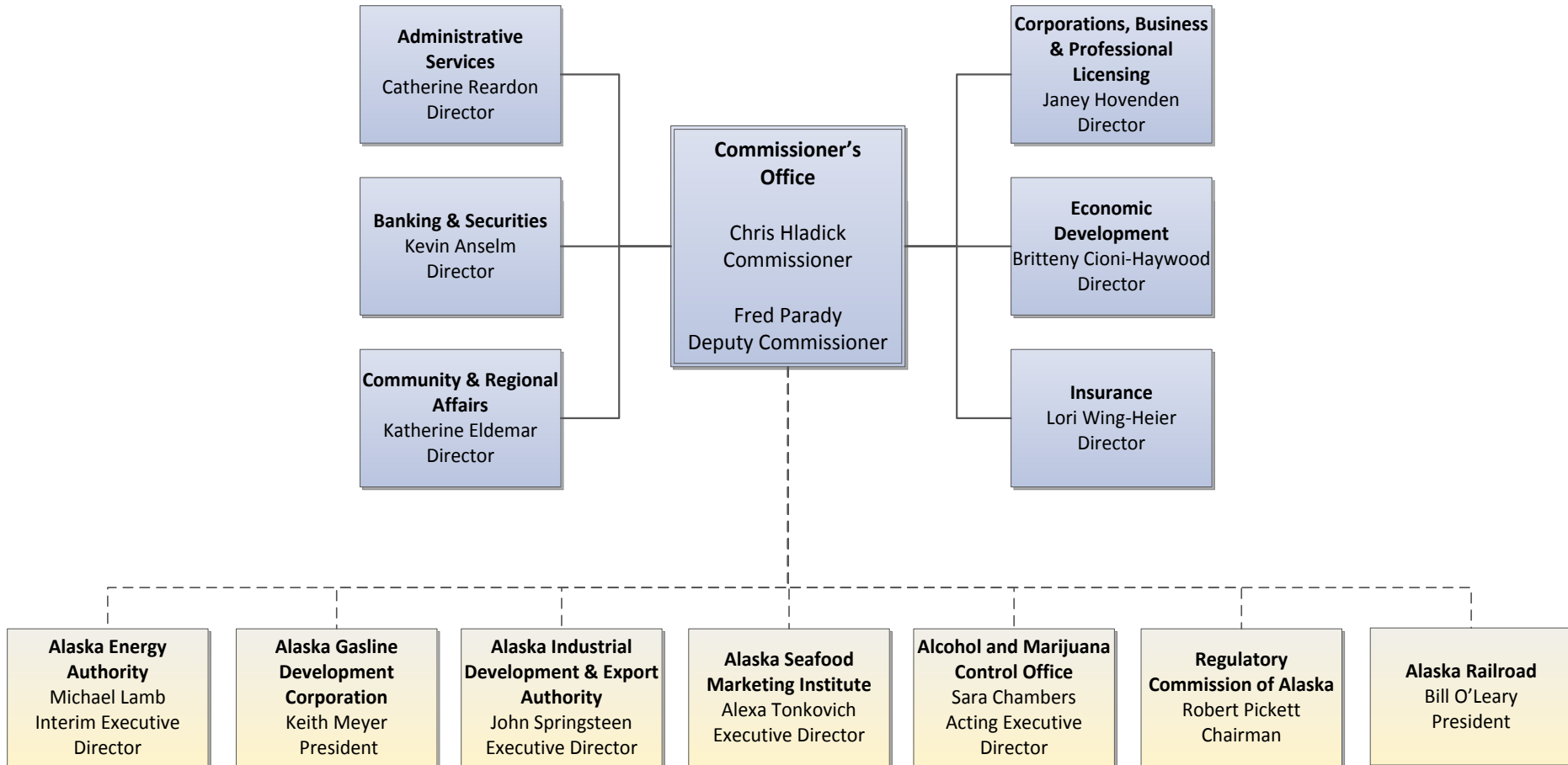
<https://www.omb.alaska.gov/html/budget-report/departments-table.html?dept=DCCED&fy=18&type=Proposed>

FY2018 Performance Measures

<https://www.omb.alaska.gov/html/performance/program-indicators.html?p=10>



Department Organization



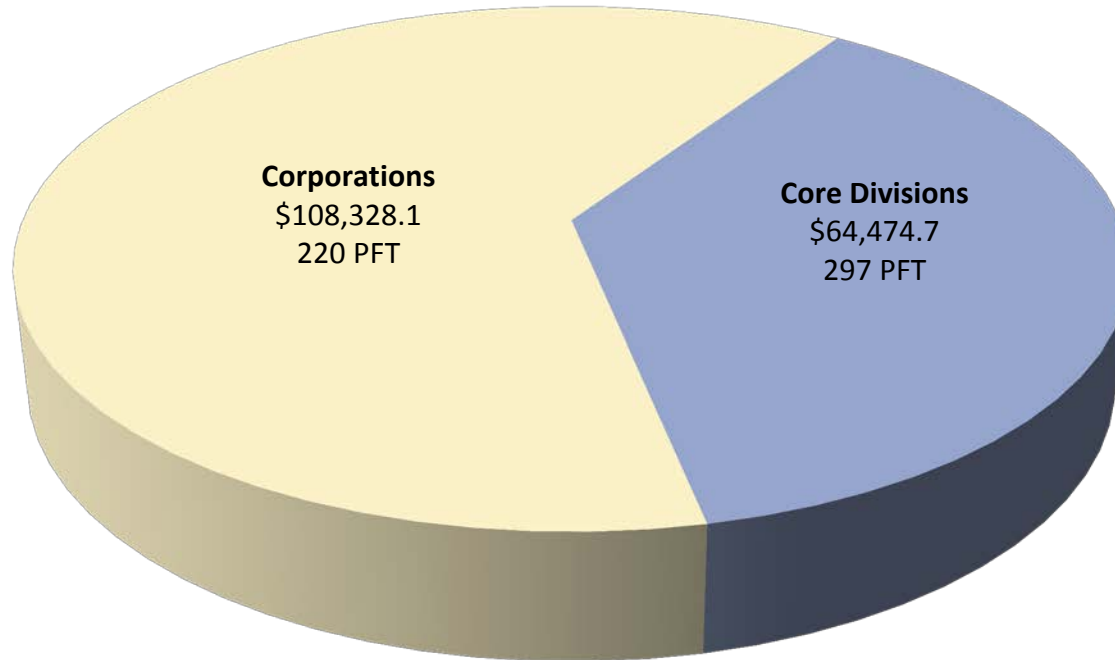
The department is comprised of 512 permanent full-time and 5 non-permanent budgeted staff in 3 core and 6 remote locations (PCN counts exclude the Alaska Railroad Corporation)



Department Makeup

Corporate Agencies and Core Divisions

FY2018 Governor: \$172,802.8



- Alaska Energy Authority
- Alaska Gasline Development Corporation
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute
- Alcohol & Marijuana Control Office
- Regulatory Commission of Alaska

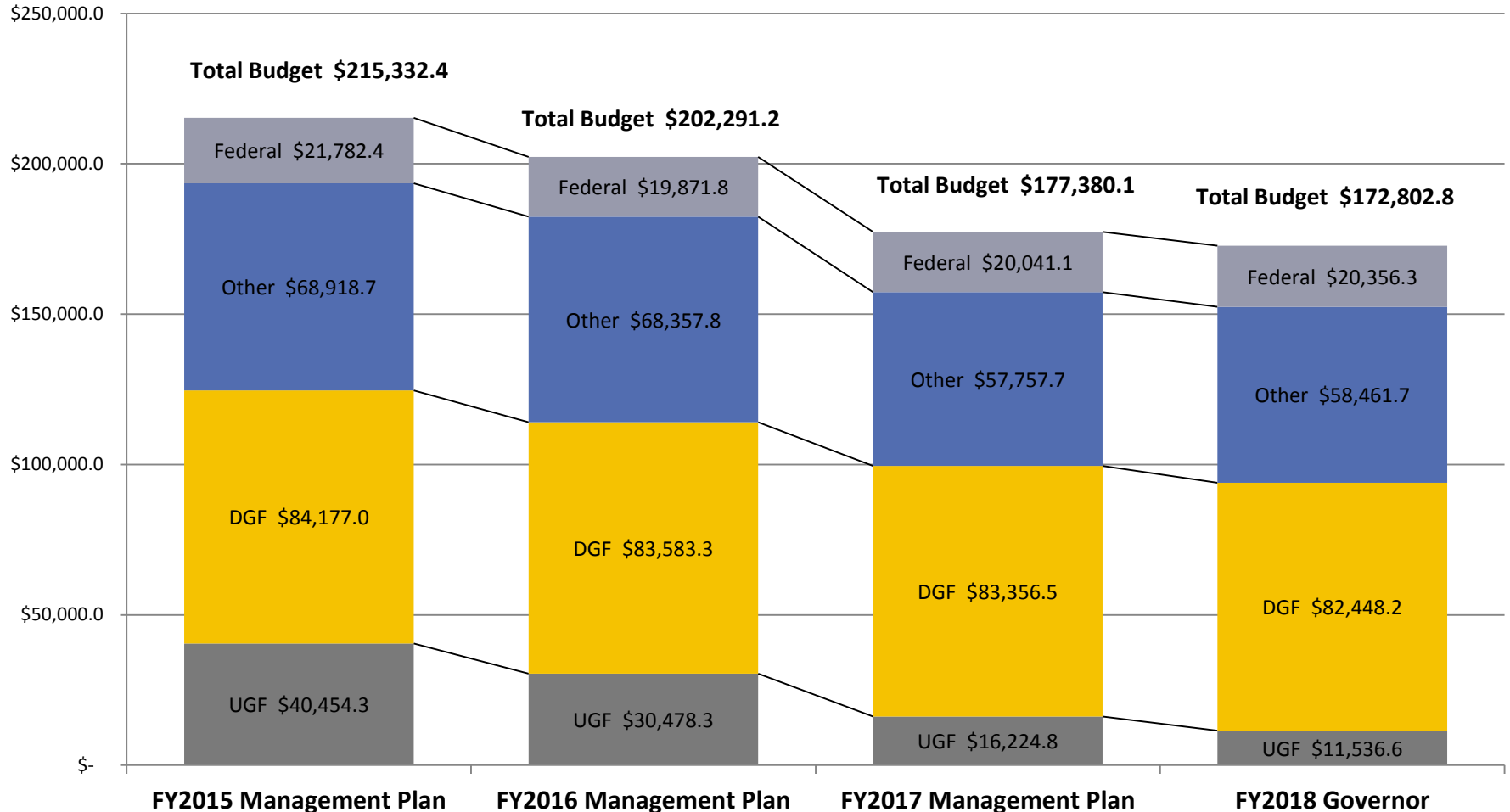
- Administrative Services
- Banking and Securities
- Community and Regional Affairs
- Corporations, Business and Professional Licensing
- Economic Development
- Insurance



Budget History

FY2018 Governor: \$172,802.8

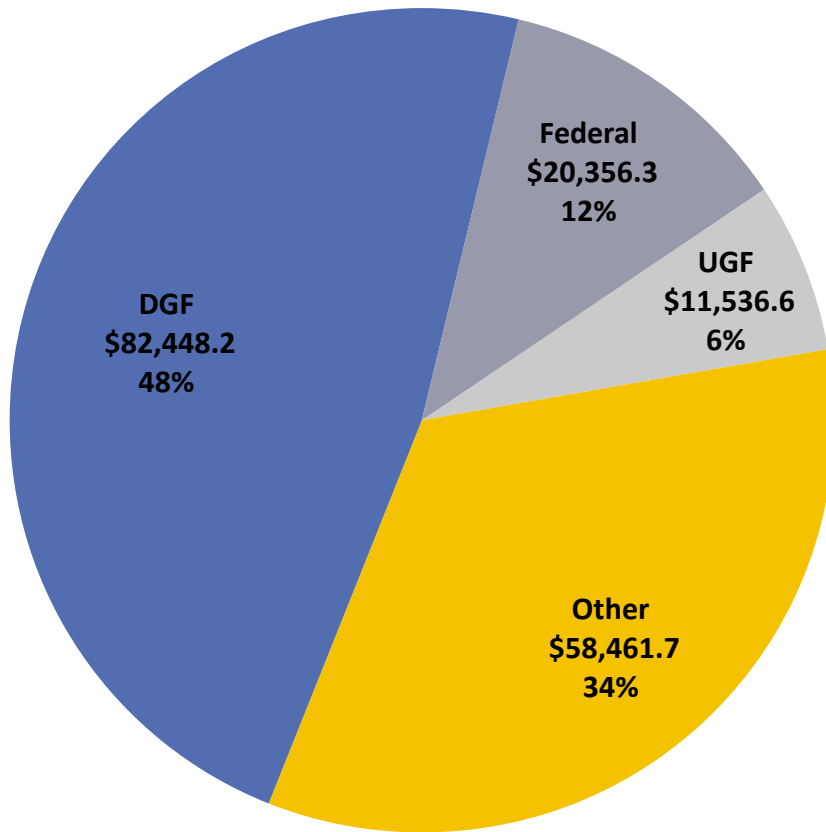
UGF: \$11,536.6 DGF: \$82,448.2 Other: \$58,461.7 Federal: \$20,356.3





Fund Groups & Self-Supported Agencies

FY2018 Budget: \$172,802.8



Self-Supporting Programs - After Paying for Program Operations

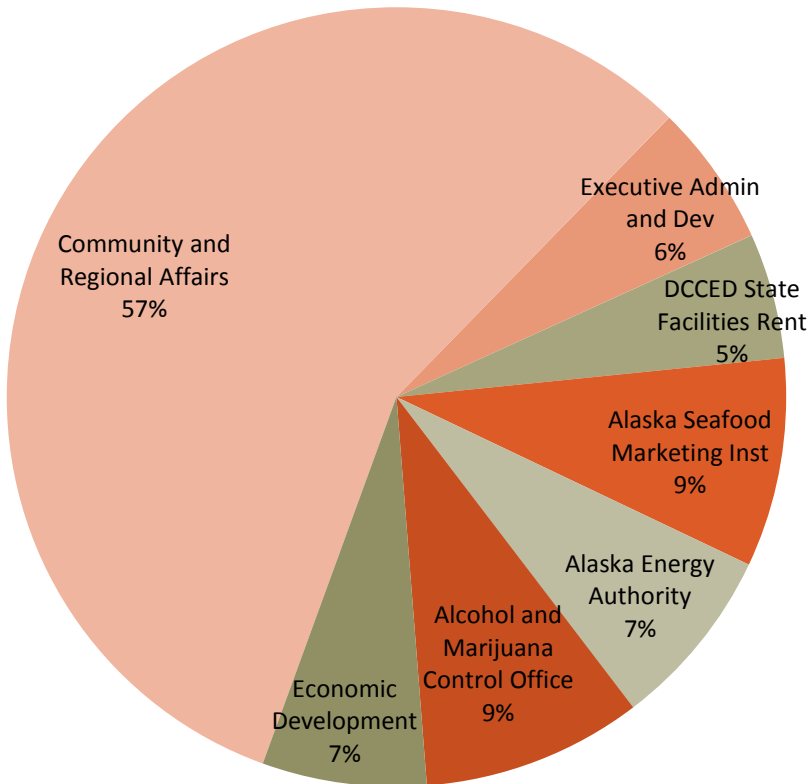
| Self-Supported | Self-Supported Program | Net Collection Contributed to the General Fund in FY2016 |
|---|--|--|
| ✓ | Banking and Securities | \$12,673.6 |
| ✓ | Corporations, Business and Professional Licensing | \$7,673.2 |
| ✓ | Insurance | \$5,696.6 |
| ✓ | Investments | Revolving Loan Funds |
| ✓ | Regulatory Commission of Alaska | Regulatory Cost Charge |
| ✓ | Alaska Industrial Development and Export Authority | AIDEA Receipts |
| Total Contribution to the General Fund | | \$26,396.5 |



Unrestricted General Funds

DCCED's UGF has decreased by 71.5% since FY2015, from \$40.5 million to \$11.5 million.

Unrestricted General Funds: \$11,536.6



- \$6,547.3 local government assistance
- \$1,000.0 matches federal awards in for seafood marketing
- \$1,052.5 support for marijuana regulation
- \$800.0 rural energy programs in the Alaska Energy Authority
- \$783.5 business assistance and development through the Division of Economic Development
- \$1,278.8 financial management; information technology; rent; centralized services; Commissioner's Office



Consumer Protection

Division of Banking and Securities

- Protect consumers of financial services and promote safe and sound financial systems.
- Kevin Anselm, Director
- 24 positions
- \$3,670.2 total budget request (\$0 UGF. Fully self-supported by examination and licensing fees.)



Director Kevin Anselm

Licensing - Charter, license and register financial entities, institutions, salespersons and products, including: State banks, credit unions, trust companies; Business Industrial Development Corporation (BIDCO); Premium finance companies, small loan companies, payday lenders; mortgage lenders, loan originators, money service businesses; securities broker-dealers, investment advisers, sales agents; securities issuers and agents; mutual funds and federal covered securities.

Alaska Native Claims Settlement Act - Accept ANCSA corporation and shareholder proxy filings.

Enforcement – Examine licensees for compliance, investigate complaints and enforce laws relating to regulated industries and persons.

Consumer Education - Provide financial information to consumers, industry, small businesses and investors.



Consumer Protection

Division of Corporations, Business and Professional Licensing

- Ensure that competent, professional, and regulated commercial services are available to Alaska consumers.
- Janey Hovenden, Director
- 93 positions
- \$13,363.5 total budget request (\$0 UGF. Fully self-supported by licensing fees.)



Director Janey Hovenden

Professional Licensing – Licensing qualified applicants for 43 programs.

Applicant licensure is administered by board with departmental support for 21 programs, and the remaining 22 programs are administered solely by the division.

Business Licensing – Licensing entities engaging in business in Alaska and issuing tobacco endorsements to businesses selling tobacco products.

Corporations – Registering corporate entities, registering trademarks, and maintaining information for the public on corporations.

Enforcement – Investigating whether a person or entity has violated licensing laws and administering disciplinary actions as necessary through boards or direct department action.



Consumer Protection

Division of Corporations, Business and Professional Licensing

43 Professional Licensing Programs:

| | | | |
|---|----------------------------|------------------------------------|---|
| Acupuncturists | Construction Contractors | Massage Therapists | Pharmacy |
| Architects, Engineers, and Land Surveyors | Dental Examiners | Mechanical Administrators | Physical Therapy & Occupational Therapy |
| Athletic Trainers | Dietitians & Nutritionists | Medical Board | Professional Counselors |
| Audiologists & Speech-Language Pathologists | Dispensing Opticians | Midwives | Psychology |
| Barbers & Hairdressers | Electrical Administrators | Morticians | Public Accountancy |
| Behavior Analysts | Euthanize Domestic Animals | Naturopathy | Real Estate Appraisers |
| Big Game Commercial Services Board | Geologists | Nursing /Nurse Aide Administrators | Real Estate Commission |
| Chiropractic Examiners | Guardians & Conservators | Nursing Home Administrators | Social Work Examiners |
| Collection Agencies | Hearing Aid Dealers | Optometry | Underground Storage Tank Worker |
| Concert Promoters | Home Inspectors | Pawnbrokers | Veterinary Examiners |
| | Marine Pilots | | |
| | Marital & Family Therapy | | |

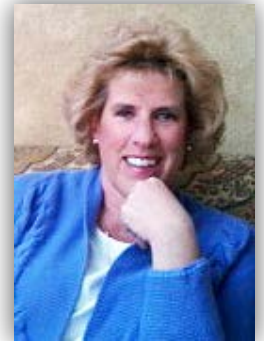
Licensing fees for each occupation are set by the department per AS 08.01.065 so the total amount of revenue collected approximately equals the occupation's actual regulatory costs.



Consumer Protection

Division of Insurance

- Regulate the insurance industry to protect Alaskan consumers.
- Lori Wing-Heier, Director
- 46 positions
- \$7,447.2 total budget request
(\$0 UGF. Fully self-supported by licensing fees.)



Director Lori Wing-Heier

Licensing – Licensing insurance businesses and professionals including : insurance companies, producers, surplus lines brokers, independent adjusters, managing general agents, third party administrators, and reinsurance intermediaries.

Financial Oversight – Ensuring that insurance companies doing business in Alaska are solvent.

Filing Approval – Monitoring rates and forms used by insurers for conformity with state law.

Consumer Services – Outreach to consumers with tools to evaluate insurance products.

Enforcement – Investigating consumer complaints, conducting market examination of insurance companies, and investigating alleged fraudulent insurance leading to civil administrative actions and criminal convictions.

Premium Tax – Insurance Premium Tax collection and auditing.



Consumer Protection

Alcohol and Marijuana Control Office

- Enforce alcohol and marijuana commerce laws and provide clear, consistent standards for licensure to protect the public from harm.
- Sara Chambers, Acting Executive Director
- 21 positions
- \$3,808.3 total budget request (\$1,052.5 UGF for marijuana regulation)



Acting Executive Director
Sara Chambers

Licensing – Assist the Alcoholic Beverage Control Board and the Marijuana Control Board in licensing of businesses and individuals engaged in the production and sale of alcohol and marijuana.

- Nearly 2,000 active liquor licenses
- 48 operational marijuana licenses; over 700 marijuana handler permits

Enforcement – Assist the boards in enforcing alcohol and marijuana commerce laws for public health and safety, through inspection, compliance assistance and complaint investigation.



Consumer Protection

Regulatory Commission of Alaska

- Assure viable utility and pipeline service is provided with just and reasonable rates to consumers in Alaska.
- Robert Pickett, Chairman
- 54 FT / 3 NP positions
- \$9,098.5 total budget request
(\$0 UGF. Self-supported by Regulatory Cost Charge.)



Chairman Robert Pickett

Licensing - The Regulatory Commission of Alaska (RCA) has authority to regulate public utilities and pipeline carriers throughout the state. The RCA currently monitors over 600 active certificated utility and pipeline service providers and regulates a broad range of services, from small water and wastewater systems to large telecommunications, electric, natural gas, and pipeline monopolies.

Tariff Approval - Tariffs state the terms, conditions, rules and rates governing a utility or pipeline carrier's conduct in providing public utility service. All regulated utilities and pipeline carriers are required to have a tariff on file and to operate in accord with its terms. After initial approval, regulated utilities and pipeline carriers must notify the RCA of any proposed changes to their tariffs.

Power Cost Equalization - The RCA establishes the Power Cost Equalization (PCE) level (cents/kWh) applicable to each electric utility participant's billing, calculating the PCE level for both non-regulated and regulated PCE recipients. The RCA notifies PCE recipients of the base rate and annually reviews a number of reports filed by non-regulated entities to ensure appropriate use of PCE funding.



Strong Communities

Division of Community and Regional Affairs

- Katherine Eldemar, Director
- Comprised of two budgetary units:

Community and Regional Affairs

- Promote strong communities and healthy economies.
 - 55 positions
 - \$11,500.9 total budget request (\$6,547.3 UGF)
 - Alaska Constitution Title X



Director
Katherine Eldemar

Municipal & Community Policy & Research

- Alaska Native Language Preservation and Advisory Council
- Community Mapping
- Local Boundary Commission
- Municipal Land Trust
- Office of the State Assessor
- Research and Analysis

Serve Alaska

- Promote volunteerism

Local Government Assistance / Rural Utility Business Advisor

- Bulk Fuel Revolving Loan Fund
- Floodplain Management program
- Rural Utility Business Advisor (federally funded)

Community Aid & Accountability

- Grants administration (operating and capital)
- Community Assistance Program administration



Strong Communities

Division of Community and Regional Affairs (continued)

Revenue Sharing

- Facilitate state and federal revenue sharing with Alaska communities.
 - \$14,128.2 total budget request (\$0 UGF)
 - Fisheries Taxes
 - National Forest Receipts
 - Payment in Lieu of Taxes

Community Assistance Program

- Planned \$30 million distribution to communities on July 1, 2017
- Without further capitalization, planned \$20 million distribution to communities on July 1, 2018
- AS 29.60.580, as updated by SB210 during the 2016 legislative session



Economic Growth

Division of Economic Development

- Support the growth and diversification of Alaska's economy through business assistance, financing, and promotion.
- Britteny Cioni-Haywood, Director
- Comprised of two budgetary units:

Economic Development

- Promote economic development opportunities.
- 5 positions
- \$1,603.9 total budget request (\$783.5 UGF)



Director
Britteny Cioni-Haywood

Business Development – Collaboration with private industries, communities, state agencies, and trade organizations to promote the expansion of economic opportunity in the state. Marketing, research, public awareness campaigns, policy, technical assistance, and governmental coordination.

Made in Alaska & Alaska Product Preference - Promoting Alaska manufacturing through consumer-targeted Made in Alaska marketing campaign and the Alaska product preference program for state contracts. To qualify, DED certifies that at least 25 percent of the product's value is added in Alaska.

Tourism – Administration of the state tourism marketing grant to the Alaska Travel Industry Association.



Economic Growth

Division of Economic Development (continued)

Investments

- Grow Alaska's economy by promoting and administering direct loan programs to Alaskans ineligible for traditional financing opportunities.
- 38 positions
- \$5,312.8 total budget request (\$0 UGF; fully self-supported by revolving loan funds)

Finance – promoting and administering direct loan programs including origination, servicing, and collections.

-
- | | |
|-----------------------------------|---------------------------------------|
| - Alternative Energy Conservation | - Fisheries Enhancement |
| - Alaska Capstone Avionics | - Mariculture |
| - Commercial Charter Fisheries | - Alaska Microloan |
| - Commercial Fishing | - Rural Development Initiative Fund |
| - Community Quota Entity (CQE) | - Small Business Economic Development |
-



Economic Growth

Alaska Seafood Marketing Institute

- Increase the economic value of Alaska's seafood resource through awareness, marketing, planning, industry analysis, advocacy, and research.
- Alexa Tonkovich, Executive Director
- 20 positions
- \$21,569.9 total budget request (\$1,000.0 UGF)



Executive Director
Alexa Tonkovich

ASMI is governed by a board of directors and is funded primarily by a tax on seafood processors approved by the processors themselves. The current tax assessment is .5% of the value of seafood products produced in Alaska.

U.S. Retail Marketing – domestic program works to align with Alaska seafood suppliers and retailers to support their sales and marketing programs; over the years, the retail program has worked with every major supermarket chain in the country.

U.S. Foodservice Marketing – domestic program designed to help commercial and non-commercial foodservice operators, handle, menu, and promote wild Alaska seafood products.

International Marketing – international promotional effort focused on key markets: Japan, the European Union, China, and Brazil. The main activities are retail and foodservice promotions, technical seminars, chef and retail Alaska seafood training, Alaska tours for members of the overseas trade and press, trade shows, outbound trade missions, advertising and public relations.

Seafood Technical Support – The Alaska seafood industry, as well as distributors, retailers and foodservice operators, have access to seafood technical support through ASMI's in-house seafood technical program. It is involved in matters of food safety, quality, nutrition and food labeling, as well as environmental issues, fisheries sustainability and seafood purity.



Economic Growth

Alaska Industrial Development and Export Authority (AIDEA)

- Provide various means of financing and investment to promote economic growth and diversity in Alaska.
- John Springsteen, Executive Director
- 90 budgeted positions (includes Alaska Energy Authority positions)
- \$16,831.0 total budget request (\$0 UGF, primarily self-supported by AIDEA receipts)



Executive Director
John Springsteen

AIDEA is a public corporation financing economic development projects, infrastructure needed for resource development, and efficient and cost effective energy generation.

Loan Participation – provides long term financing, both taxable and tax-exempt, to borrowers through a qualified originator for Alaska business enterprises.

Project Development – provides financing to develop, own, and operate facilities within the State, with the purpose of advancing the economic condition and prosperity of a region.

Infrastructure Development – provides financing for the development of infrastructure necessary for the opening of new mining areas, the diversification of minerals production, bringing oil and gas fields into production, and for the capability of in-state processing of minerals.

Conduit Revenue Bonds – acts as a conduit for the issuance of either taxable or tax-exempt bonds.



Affordable Energy

Alaska Energy Authority

- Reduce the cost of energy in Alaska.
- Michael Lamb, Interim Executive Director
- Positions are housed in AIDEA
- AEA agency operations
 - \$8,926.2 total budget request (\$874.5 UGF)
- AEA Power Cost Equalization
 - \$37,855.0 total budget request (formula: DGF)



Interim Executive Director
Michael Lamb

The Alaska Energy Authority (AEA) is a public corporation and is the state's energy office and lead agency for statewide energy policy and program development.

- Builds modern, code-compliant bulk fuel tank farms in rural Alaska, latest generation, high efficiency rural powerhouses and renewable energy projects.
- Manages the Renewable Energy Fund, the Emerging Energy Technology Fund, the Power Cost Equalization Program and various Energy Efficiency and Conservation Programs. AEA provides grants and loans for qualified energy infrastructure projects.
- Owns energy infrastructure for the benefit of Alaskans.



Affordable Energy

Alaska Gasline Development Corporation

- Ensure that Alaska's vast North Slope natural gas resources are available for the maximum benefit and use of Alaskans. Responsible for advancing two alternatives – the Alaska Stand Alone Pipeline (ASAP) and the Alaska LNG project.
- Keith Meyer, President
- 25 FT / 1 NP Positions
- \$10,386.0 total budget request (\$0 UGF)



President
Keith Meyer

Alaska Moving Forward - The Alaska Gasline Development Corporation is an independent, public corporation of the State of Alaska. AGDC will maximize the benefit of Alaska's vast North Slope natural gas resource through the development of infrastructure necessary to move the gas into local and international markets.



Department-Wide Services

Commissioner's Office

- Chris Hladick, Commissioner
- Fred Parady, Deputy Commissioner
- 5 positions
- \$1,012.0 total budget request (\$35.3 UGF)



Commissioner
Chris Hladick



Deputy Commissioner
Fred Parady

Division of Administrative Services

- Provide management information and support services for the Department's programs.
- Catherine Reardon, Director
- 37 positions
- \$4,929.8 total budget request (\$644.3 UGF)



Administrative Services Director
Catherine Reardon



FY2017-FY2018 Priorities

Maintain services to communities

- Preserve operations of Division of Community and Regional Affairs and Alaska Energy Authority rural activities to continue support to Alaska communities

Maintain revenue-generating and self-funded programs at current levels of service

- Maintain services for users who pay for them
- Ensure consistent, safe regulation of Alaska's industries
- DCCED contributed over \$26 million to the general fund in FY2016

Sustain stability in the health insurance market

- Program Alaska Reinsurance Program successfully held down premium increase to 7% in 2017
- State has applied for a federal waiver to reimburse costs of the 2018 Reinsurance Program

Ensure marijuana is safely and effectively regulated in Alaska

- Marijuana licensing is on-going and generating revenue
- General funds within the Alcoholic Beverage Control Board are anticipated to be replaced by licensing receipts over three years FY2018 to FY2020



Department Contacts

Chris Hladick

Commissioner

CED.Commissioner@alaska.gov

Fred Parady

Deputy Commissioner

Fred.Parady@alaska.gov

Catherine Reardon

Administrative Services Director

Catherine.Reardon@alaska.gov