



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY AND
ECONOMIC DEVELOPMENT

DEPARTMENT OVERVIEW

Presented to the
House Labor & Commerce Committee

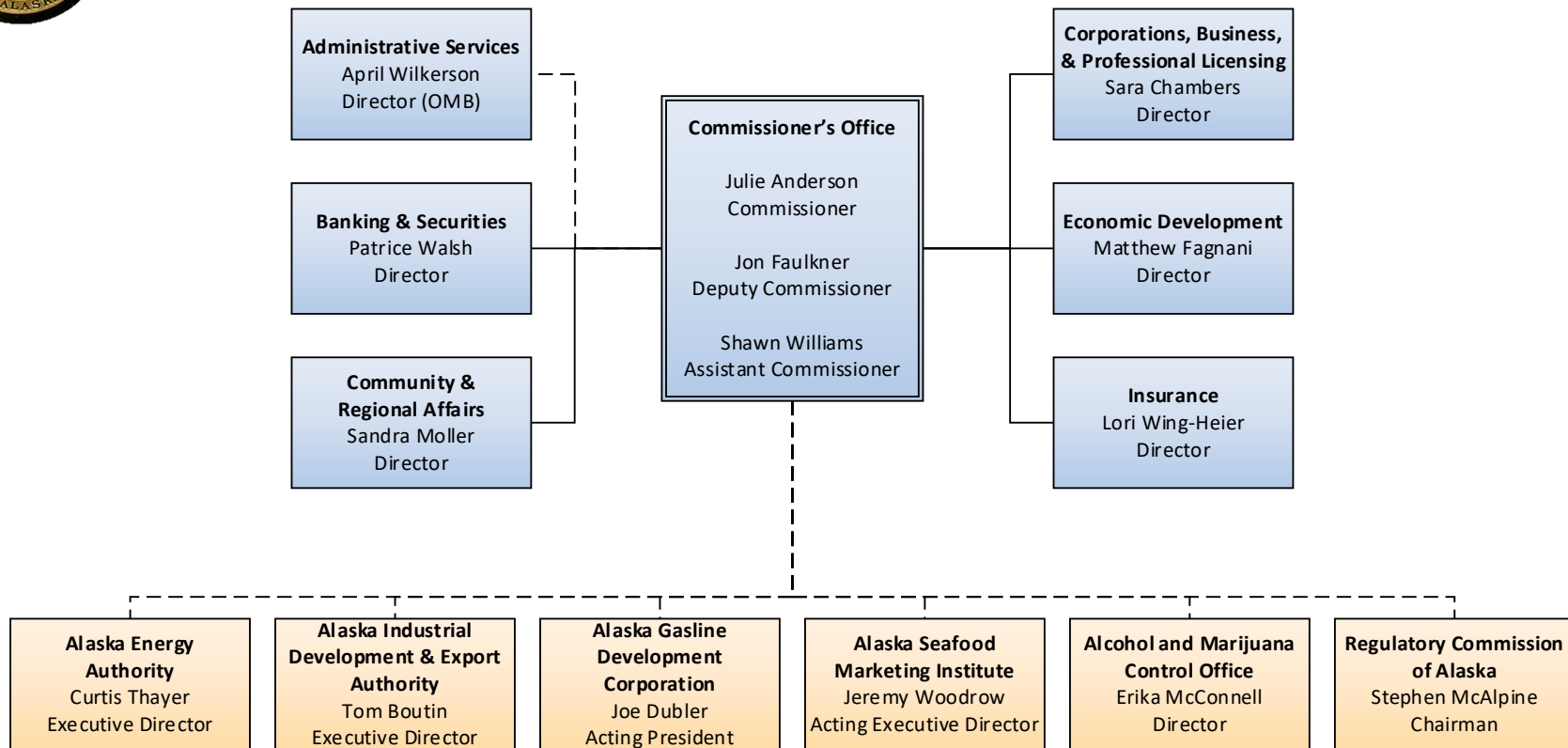
Julie Anderson, Commissioner

Jon Faulkner, Deputy Commissioner

March 1, 2019



Department Organization





Division Mission Statements

Corporations, Business & Professional Licensing: Inspiring public confidence through balanced regulation of competent professional & business services

Banking and Securities: Promoting a healthy financial system for commerce while fostering safe and sound financial services for the protection of Alaska's consumers.

Insurance: Strengthening competitive insurance markets while protecting Alaskans.

Economic Development: Helping Alaska's private sector create jobs and economic opportunity.

Community & Regional Affairs: Helping Alaska's communities build sustainable economies and a means of self-governance.

Article X, Section 14 of the Alaska Constitution:

"An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law."



Economic Growth

Division of Economic Development

- Helping Alaska's private sector create jobs and economic opportunity.
- Comprised of two budgetary units: Economic Development and Investments.



Director Matthew Fagnani

Economic Development

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.

Investments

- Grow Alaska's economy by promoting and administering direct loan programs to Alaskans ineligible for traditional financing opportunities.
- Finance: promoting and administering direct loan programs including origination, servicing, and collections.



Strong Communities

Division of Community and Regional Affairs (DCRA)

- Sandra Moller, Director
- Comprised of two budgetary units: Community and Regional Affairs, and Revenue Sharing

Community and Regional Affairs

- Helping Alaska's rural communities build sustainable economies and a means of self-governance
- Alaska Constitution Title X



Director Sandra Moller

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

Revenue Sharing Programs

- Facilitate state and federal revenue sharing with Alaska communities.
 - Fisheries Taxes
 - National Forest Receipts
 - Payment in Lieu of Taxes

Community Assistance Program

- Planned distribution of approximately \$30 million to communities on July 1, 2019



'Right Touch Regulation' & Consumer Protection

Division of Corporations, Business and Professional Licensing

- Inspiring public confidence through balanced regulation of competent professional & business services.
- Sara Chambers, Director



Director Sara Chambers

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

Business Licensing – Licensing entities engaging in business in Alaska.

Professional Licensing – Licensing qualified applicants for 43 programs.

Enforcement – Support for professions to ensure the public is protected and license standards are upheld.



Balanced Regulation and Consumer Protection

Division of Insurance

- Helping Alaskans to protect human life and property from risk and adversity
- Lori Wing-Heier, Director



Director Lori Wing-Heier

Licensing – Administer more than 20 license types for insurance businesses and professionals.

Financial Oversight - Ensure solvent insurance companies in Alaska.

Filing Approval – monitor rates and forms for conformity with state law.

Consumer Services – outreach to Alaskans with tools to evaluate insurance products.

Enforcement – investigate consumer complaints and alleged fraudulent insurance, conduct market examinations of insurance companies.

Premium Tax – collect and audit Insurance Premium Tax revenues..



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.
- Erika McConnell, Director



Director Erika McConnell

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.

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



Regulation and Consumer Protection

Division of Banking and Securities

- Helping Alaskans create and exchange capital and financial services to sustain our free enterprise system
- Patrice Walsh, Director



Director Patrice Walsh

Licensing: Charter, license, and register financial entities, institutions, salespersons, and products.

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

Enforcement: Examine licensees for compliance, investigate complaints, and enforce laws.

Consumer Education: Provide financial information to the public.



Overall Departmental Goals

- Focus each Division on core services and constituent needs.
- Work across departments to eliminate duplication.
- Identify permitting backlogs and fix the problems.
- Cut red tape by rolling back regulations where appropriate.
- Reduce reliance on government. Enable private sector.
- Re-align to achieve efficiencies and results.
- Create jobs and new investment in Alaska.
- View regulations through a risk-based lens.



Division of Corporations, Business & Professional Licensing

Self-funded services to support businesses & protect consumers

Business Licensing

- Answer questions about applications
- Issue business licenses
- Grant endorsements to sell nicotine products

Corporations

- Assist corporations with registration
- Register trademarks
- Maintain corporate reporting records

Professional Licensing

- License qualified professionals per AS 08
- Provide administrative support for twenty-one boards

Enforcement

- Enforce licensing statutes and regulations
- Investigate public complaints regarding violations of licensing law
- Assist boards, commissions, and the division director when considering license discipline

Administrative Support

- Provide front-line customer service
- Support division's clerical and fiscal functions



Division of Corporations, Business & Professional Licensing

2018 By the Numbers:

- Business Licenses: 73,952
- Tobacco Endorsements: 1,351
- Corporations: 73,053
- Professional Licenses: 89,414
- Investigative Matters: 1,256
- License Actions: 221

Twenty-two professions regulated by the division

Acupuncturists	Dietitians & Nutritionists	Home Inspectors
Athletic Trainers	Dispensing Opticians	Mechanical Administrators
Audiologists	Electrical Administrators	Morticians
Behavior Analysts	Animal Euthanasia Permits	Naturopaths
Collection Agencies	Professional Geologists	Nursing Home Administrators
Guardians &	Hearing Aid Dealers	Pawnbrokers
Conservators		Speech-Language Pathologists
Construction Contractors		Underground Storage Tank
Concert Promoters		Workers



Division of Corporations, Business & Professional Licensing

Twenty-one boards or commissions regulating professions

Board of Registration for Architects,
Engineers and Land Surveyors

Board of Barbers and Hairdressers

Big Game Commercial Services Board

Board of Chiropractic Examiners

Board of Dental Examiners

Board of Marine Pilots

State Medical Board

Board of Marital and Family Therapy

Board of Massage Therapists

Board of Certified Direct-Entry Midwives

Board of Nursing

Board of Examiners in Optometry

Board of Professional Counselors

Board of Pharmacy

Board of Physical Therapy and Occupational
Therapy

Board of Psychologist and Psychological
Associate Examiners

Board of Public Accountancy

Board of Certified Real Estate Appraisers

Real Estate Commission

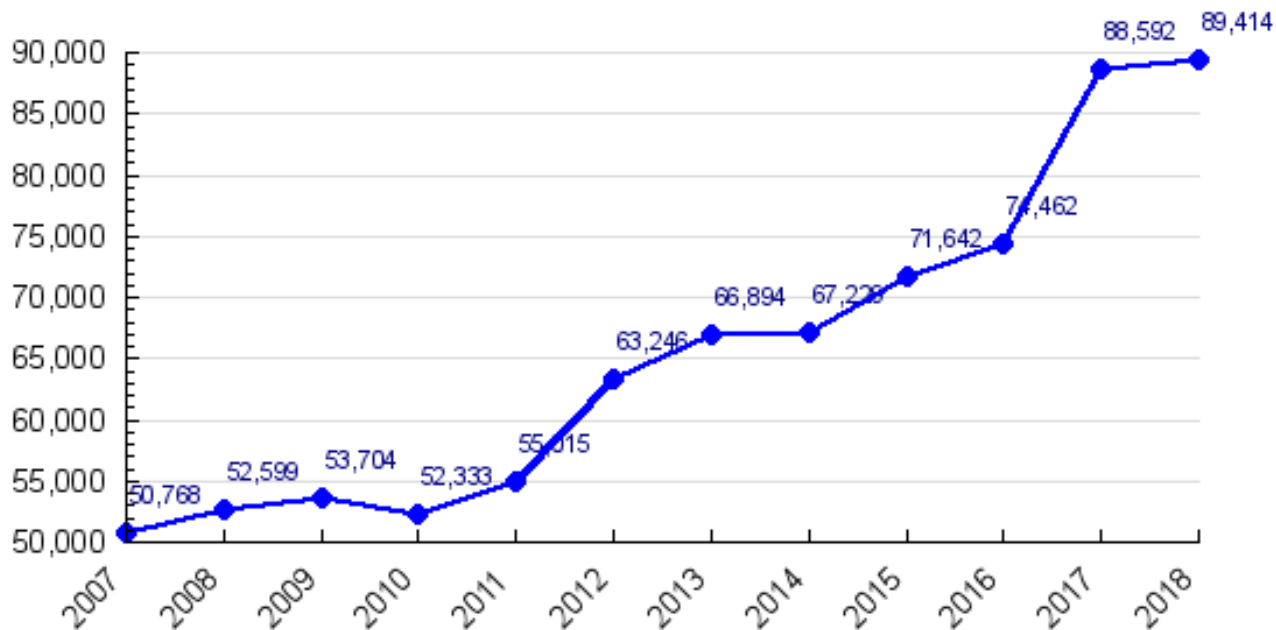
Board of Social Work Examiners

Board of Veterinary Examiners



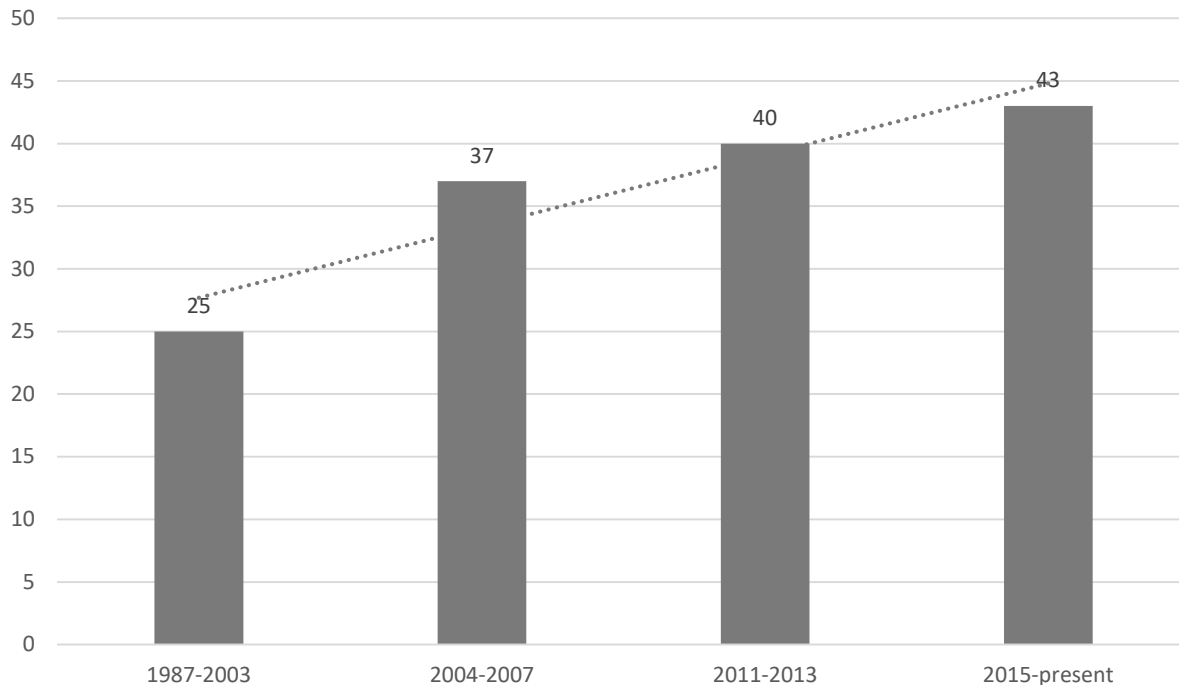
Division of Corporations, Business & Professional Licensing

Total professional licenses, 2007-2018





Professional Licensing Programs, 1987-present





Division of Banking and Securities

What Does the Division of Banking & Securities Do?

- Charter, license and register financial entities, institutions, salespersons and products and accept filings
- Examine licensees for compliance and investigate complaints relating to regulated industries and persons
- Provide financial education and information to consumers, industry, small businesses and investors
- Accept Alaska Native Claims Settlement Act corporation and shareholder proxy filings.



What are Regulated Financial Services?

- State banks, credit unions, and trust companies.
- Business Industrial Development Corporations (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, federal covered securities.
- Alaska Native Claims Settlement Act (ANCSA) Corporation and shareholder proxy filings.



Division of Banking and Securities

2018 by the Numbers

Securities:	1,246 broker-dealers; 848 investment advisers; 98,600+ salespersons
Securities registrations/filings:	7,000+ mutual fund/unit investment trust filings; 542 securities registrations
State financial institutions:	5 depositories; 4 trust companies
Mortgage broker/lenders:	605 offices; 2,405 originators
Money service businesses:	99 companies
Other financial services entities:	62 individuals/organizations
ANCSA:	1549 proxy related filings; 137 public record requests Enforcement: In 2018, the Division issued 28 first Enforcement Actions.



Division of Banking and Securities

Major Accomplishments in 2018

Alaska Securities Act – The Alaska Securities Act was signed into law in June 2018 which modernized the securities law and improves investor protections and enforcement provisions. It created a new chapter to separate securities from the Alaska Native Claims Settlement Act provision.

Assessment Fees – Semi-annual assessment fees for state chartered banks and credit unions were recalculated and adopted. The fees were last updated over twenty-five years ago and did not reflect significant changes in the regulation and examination of financial institutions implemented since the national financial crisis of 2007-2008.

Money Service Businesses – Licensing of money service businesses was transitioned from paper applications to the Nationwide Multistate Licensing System (NMLS) electronic registry. This was accomplished after promulgating new regulations. New applicants and current licensees benefit from streamlined electronic licensing and periodic reporting processes while the Division is able to see and follow up on deficiencies set by other states.

Alaska Native Claims Settlement Act (ANCSA) Filings and Request – A Financial Examiner position was approved to address the continued growth in the ANCSA filings, request for investigation, and public information request. The number of filing increased 22% over the double digit increase in FY 2017, and public information request increase 19%. The Division began assessing fees to ANCSA corporations to help cover the cost of regulation.

Securities Settlement – A multistate enforcement case was settled with LPL Financial LLC regarding the sales of unregistered, non-exempt securities. Forty-nine states signed the order with Alaska receiving \$499,000 in civil penalties. The settlement sends a strong message that states serve a vital role in protecting investors by holding firms accountable.



Community and Regional Affairs

Advise and Assist Local Governments

- Planning and Land Management Section
 - ANCSA 14c(3) Planning
 - Alaska Risk MAP Program and Floodplain Management
 - Community Profile Maps and Interactive Mapping
 - Municipal Land Trustee Program
- Local Government Assistance
 - 21 local government specialists in 7 regional offices (Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kotzebue, and Nome)
- Office of the State Assessor
- Local Boundary Commission



Community and Regional Affairs

Review Activities, Collect and Publish Information

- **Community Aid and Accountability**
 - Grant administration:
 - Community Revenue Sharing
 - Payment in Lieu of Taxes
 - National Forest Receipts/Secure Rural Schools Program
 - Shared Fisheries Business Tax/Fishery Resource Landing Tax
 - Technical assistance, training and other resources to assist communities with local financial and government administration issues.
- **Research and Analysis Section**
 - Research studies to support local government development and community planning
 - Community Database Online (CDO)
 - Interfacing CDO with other agencies and organizations



Community and Regional Affairs

Other Functions

- **Alaska Native Language Preservation & Advisory Council**
 - Provides recommendations and advice to both the Governor and Legislature on programs, policies, and projects.
- **Serve Alaska**
 - Serve Alaska, in partnership with the Corporation for National and Community Service, brings AmeriCorps programs to Alaska.
 - Provides grants to local non-profit and community agencies to run national services programs.
 - Grantees operate in almost every region of the state, bringing support and training to rural and urban Alaska.



Community and Regional Affairs

Other duties and those prescribed by law

- Administer grants
 - Community Assistance Program grants
 - National Forest Receipts / Secure Rural Schools
 - Payment in Lieu of Taxes
 - Shared Fisheries Business Tax
 - National Petroleum Reserve – Alaska grants
 - Community Development Block Grants
 - Community Services Block Grants
 - Direct Legislative grants
 - Community and Neighborhood Watch Grants



Division of Economic Development

Core Services

Investments

- All Revolving Loan Fund loans evaluated for efficiency.
 - Some funds deserve annual Legislative appropriation.
- Inter-agency services provided.
- Financial management.

Economic Development

- Governor's Task Force: Create Jobs, Diversify Economy.
- Remove barriers to success; Make Alaska globally competitive.
- Statewide Comprehensive Economic Development Strategy (CEDS) implementation.
- Creation of On-line "Business Park".





Division of Economic Development

Activities and Accomplishments in FY18

Investments

- Provided patient capital to stimulate business development, job creation, and resident ownership through direct state loan origination on **302 loans** and pre-qualifications totaling **\$29.2 million** across **ten revolving loan funds**
- Created or retained **547 jobs** through new loan requests, assumptions, and extensions
- Assisted **84 resident Alaskans** enter new fisheries to promote a predominately resident commercial fishing fleet





Division of Economic Development

Activities and Accomplishments in 2018

Economic Development

- The statewide **Comprehensive Economic Development Strategy** (CEDS) was approved by the U.S. Economic Development Administration.
- The Made in Alaska program assisted **1,002 Alaska businesses**, supplying them with marketing materials for 1,147 permits.
- DED supported Alaska's **mineral extraction industries** at the Roundup and Cambridge House international mining conferences
- DED supports Alaska's **startups and entrepreneurs** by supporting sprints and pitch competitions and providing technical assistance





Division of Economic Development



Challenges

Investments

- Volatility across all fisheries
- Uniqueness of collateral (boats, gear & permits).
- Lack of startup capital for new fishers; lack of large loan funding sources.

Development

- Staff capacity
- Implementation of the CEDS
- Depletion of Strategic Minerals funding



Division of Insurance

Revenue

- Insurance does:
 - Administration
 - Consumer Services
 - Financial Reports and Audits
 - Financial Examinations
 - Investigations
 - Licensing
 - Life and Health
 - Property and Casualty
- In FY18, the division collected \$60M in premium taxes and penalties.
- In addition, the division collected \$10M in fees.



Division of Insurance

Federal Funding

Health Insurance Enforcement and Consumer Protections Grant

The division was awarded a Centers for Medicare and Medicaid Services Health Insurance Enforcement and Consumer Protections Grant for \$629,841, on October 31, 2016.

The award allowed the state to implement an external appeals process for health insurance consumers. The grant had a project and budget period of 24 months from the award date, October 31, 2016, to October 30, 2018.

The division submitted a no-cost extension request to extend this grant expenditure period through June 30, 2019.



Division of Insurance

Federal Funding

State Flexibility Grant

The Division was awarded a Centers for Medicare and Medicaid Services State Flexibility to Stabilize the Market Grant for \$276,972, on August 20, 2018.

The grant supports the state's role in implementing and planning for federal market reforms and consumer protections guaranteed by the Patient Protection and Affordable Care Act ("Affordable Care Act" or ACA), including; guaranteed availability of coverage, guaranteed renewability of coverage, and essential health benefits.

The grant will have a project and budget period of 24 months from the award date, August 20, 2018, to August 19, 2020.



Division of Insurance

Alaska Reinsurance Program

The Alaska Reinsurance Program is designed to remove the highest cost claims from Alaska's individual health insurance market.

This is a conditions based program that covers 33 of the most expensive conditions which have driven premium costs.

It is operated on an annual basis, and once the insurer submits a qualifying claim, the individual is covered by the program for all medical claims for the remainder of the year.

This program is invisible to the insured.



Division of Insurance

Table 1: State vs. Federal Funding for Alaska Reinsurance Program

Calendar Year	Projected Alaska Reinsurance Fund ⁽¹⁾	Final Savings Federal Pass-Through Funds ⁽²⁾	Estimated State Funding
2018	\$59,983,000	\$58,484,978*	\$1,498,022*
2019	\$64,126,326	\$68,689,234*	-\$4,562,908*
2020	\$68,950,229	\$56,108,411	\$12,841,818
2021	\$74,137,010	\$61,486,732	\$12,650,278
2022	\$79,789,956	\$65,612,014	\$14,177,942
2023	\$85,873,941	\$72,231,851	\$13,660,090
2024	\$92,333,808	\$77,717,468	\$14,616,340
2025	\$98,711,766	\$84,814,665	\$13,897,101
2026	\$105,530,281	\$91,785,506	\$13,744,775

⁽¹⁾ Oliver Wyman Actuarial Analysis

⁽²⁾ ISER Economic Analysis

*CMS pass through funding calculations



Division of Insurance

Health Insurance in Alaska

Advantages

- Growth in infrastructure-increased access to services across the state.
- Alaska Reinsurance Program has reduced consumer costs.

Challenges

- Although Alaska's covered population has increased, premiums have not been lowered as a result of growth in the individual market or Medicaid expansion population.
- Healthcare costs have continued to rise, the reinsurance program is a short term solution that does not address cost of care.
- Uncertainty of ACA with Federal lawsuits



Division of Insurance

Major Accomplishments and Challenges in FY2018:

- 5 year accreditation through the National Association of Insurance Commissioners
- Small Business Survey
- External Healthcare Review
- State Flexibility Grant Award



Thank You

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Community and Economic Development

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