



THE STATE  
*of* **ALASKA**  
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY, AND  
ECONOMIC DEVELOPMENT

# FY2021 CORPORATE AGENCY BUDGET OVERVIEW

Presented to the Senate Finance Subcommittee

Alcohol and Marijuana Control Office, Regulatory Commission of Alaska,  
Alaska Oil and Gas Conservation Commission, Alaska Seafood Marketing  
Institute, Alaska Gasline Development Corporation, Alaska Energy  
Authority, and Alaska Industrial Development and Export Authority

February 27, 2020



# Alcohol and Marijuana Control Office

**Alcohol and Marijuana Control Office:** *Enforcing alcohol and marijuana commerce laws and providing clear, consistent standards for licensure to protect the public from harm.*

AMCO serves the Alcohol and Marijuana Control Boards, issues licenses and permits, and investigates violations of Alaska's alcohol and commercial marijuana statutes.

- FY2021 Operating Budget: \$3,865.3 (DGF), 22 PFT
- All UGF funding of AMCO is removed in the FY2021 operating budget.



*Interim Director  
Glen Klinkhart*



# Regulatory Commission of Alaska

**Regulatory Commission of Alaska:** *Assuring safe, efficient, and reliable utility and pipeline service is provided at just and reasonable rates to consumers in Alaska.*

RCA regulates public utilities by certifying qualified providers of public utility and pipeline services, reviews tariffs, and determines the per kilowatt-hour support for eligible customers of electric utilities under the Power Cost Equalization program.



*Chair, Bob Pickett*

- FY2021 Operating Budget: \$9,187.3 (DGF)/\$139.9 (OTH), 54 PFT, 3 NP
- Significant Commissioner and staff time has been dedicated to the ML&P/Chugach acquisition and the BP/Hilcorp transaction, as well as legislative analysis of the operation and regulation of the Alaska Railbelt Electric Transmission and Alaska's electric utility reliability and security standards and practices.



# Alaska Oil and Gas Conservation Commission

**Alaska Oil and Gas Conservation Commission:** *protecting the public interest in exploration and development of Alaska's valuable oil, gas, and geothermal resources through the application of conservation practices designed to ensure greater ultimate recovery and the protection of health, safety, fresh ground waters and the rights of all owners to recover their share of the resource.*



*Chair, Jeremy Price*

AOGCC ensures the safety of well drilling, adjudicates permit applications, and ensures compliance while protecting underground fresh water.

- FY2021 Operating Budget: \$7,492.3 (DGF)/\$150.0 (OTH)/\$120.0(Fed), 33 PFT
- Significant changes: AOGCC transferred from the Department of Administration in FY2020.





# Alaska Seafood Marketing Institute

**Alaska Seafood Marketing Institute:** *Increasing the economic value of Alaska's seafood resources*

ASMI promotes Alaska's seafood both in the U.S. and internationally to increase and sustain Alaska's market share and brand recognition.

- FY2021 Operating Budget: \$15,860.3 (OTHER)/\$4,500.0 (FED), 20 PFT
- Significant Changes: Multi-year USDA Foreign Agricultural Service grant backed out for year two



*Executive Director  
Jeremy Woodrow*



# Alaska Seafood Marketing Institute

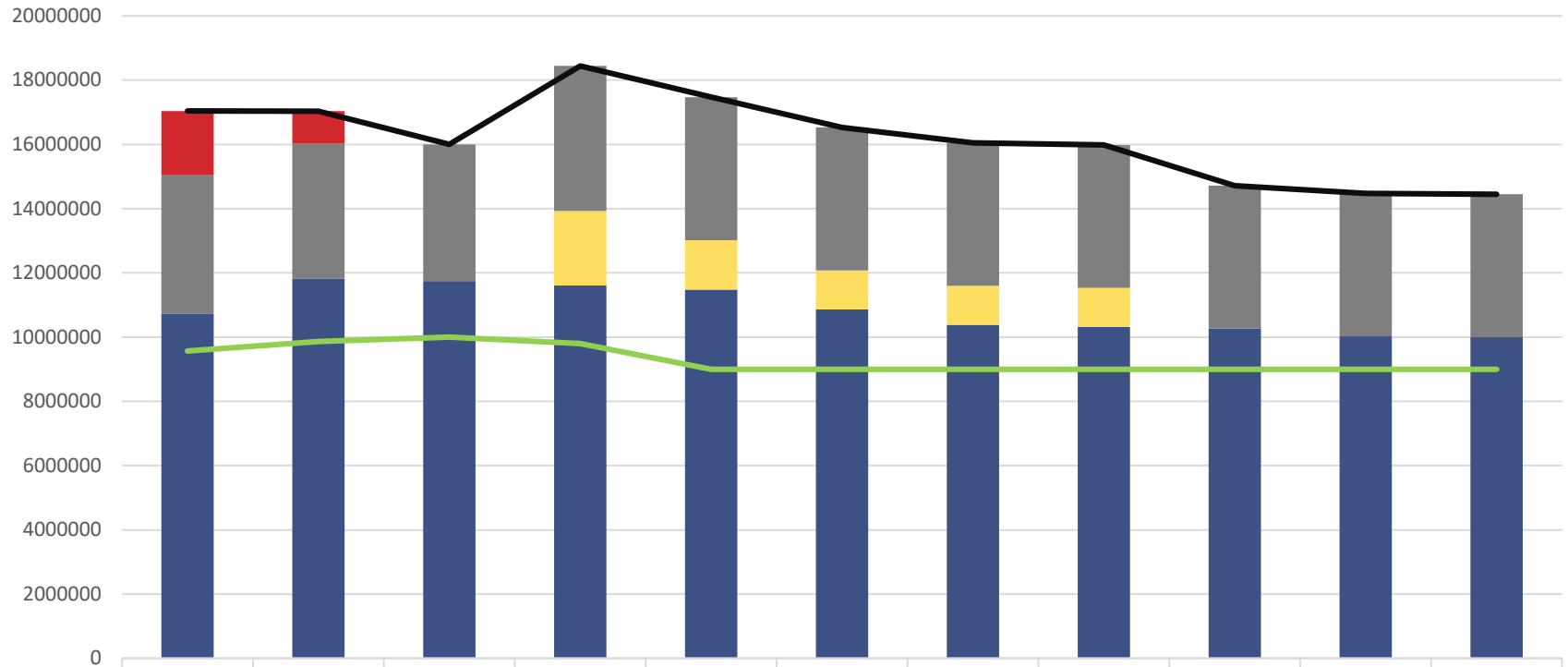
## **\$7.5 million Agricultural Trade Promotion Program (ATP)**

- 3-year grant (will hit 4 state fiscal years)
  - Operates similarly to the Market Access Program (MAP) competitive grants
  - Must be used for overseas marketing efforts
- Key initiatives from the short-term grant funding:
- Expand efforts in key existing markets, e.g. Japan, UK, Europe
  - Add/explore SE Asia as a new region under the ASMI marketing portfolio
  - Expand Brazil marketing efforts to include all of South America



# Alaska Seafood Marketing Institute

## ASMI Spend Plan FY17 to FY27





# Alaska Seafood Marketing Institute

## Foreign Impacts

### China:

- Phase One Trade Deal – a step forward
- \$51B of agricultural goods to be purchased – U.S. seafood is eligible
- 32% - 40% tariffs reduced to 2017 rates on some products (*not salmon, pollock, cod, etc.*) via 1yr waiver extension from China Ministry of Finance

### Russia:

- Leading global competitor for Alaska seafood
- Russia market closed to Alaska since 2014, but increasing exports to U.S.
- Significant government investments in seafood industry infrastructure, technology and marketing
- Russia has announced that it wants to be the “New Alaska.”





# Alaska Seafood Marketing Institute

## Foreign Impacts (cont.)

### European Union:

- Significant trade barriers on U.S. seafood into EU; near free-market access of EU products into U.S.; Alaska seafood caught in Boeing/Airbus dispute
- Brexit – creates uncertainty but also opportunity

### Japan:

- Leading export market for U.S. seafood sector
- Recently enacted FTAs with several U.S. seafood competitors
- Recent “Phase One” agreement did not level playing field for U.S. seafood

### Norway:

- Expanding marketing efforts in U.S.
- Saw a 40% increase into China in response to U.S. tariff increases



# Alaska Gasline Development Corporation



*Interim President, Joe Dubler*

**Alaska Gasline Development Corporation:** *maximizing 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*

- FY2021 Operating Budget: \$3,431.6 (DGF), 9 PFT, 6 PPT
- Significant changes: AGDC's operating budget is reduced by \$6,254.0 (OTH) in FY2021 and ten permanent and one non permanent positions are deleted.
- Created by the Alaska legislature in 2013
- Currently lead party for developing the Alaska LNG Project
- Primary focus is completing Federal Energy Regulatory Commission (FERC) authorization, scheduled for June 2020
- AGDC reorganization began in July, 2019. Reduced staff, contractors, office space and FY20 work activities accordingly
- \$20M in Statutory Designated Program Receipt authority



# Alaska Gasline Development Corporation

## AGDC FY21 Budget Authorization (Governor's Request)

Account	Description	FY19 Mgt Plan	FY20 Enacted *	FY21 Proposed Reduction	FY21 Proposed Authorization
100	Personal Services	\$6,235.8	\$5,785.8	-\$3,395.2	\$2,390.6
200	Travel	\$235.2	\$127.8	-\$161.6	\$0.0
300	Services	\$3,665.0	\$3,522.0	-\$2,487.2	\$1,001.0
400	Commodities	\$250.0	\$250.0	-\$210.0	\$40.0
500	Capital Outlay	\$0.0	\$0.0	\$0.0	\$0.0
	Total	\$10,386.0	\$9,685.6	-\$6,254.0	\$3,431.6
* incorporates FY20 P/S Mgt Plan values			FY21 reduction -65%		



# Alaska Gasline Development Corporation

## ExxonMobil & BP

- Cost sharing agreement signed in 2019
- First third-party financial participation in Alaska LNG since 2016
- Each funding 1/3 of AGDC's FY20 costs up to \$10 million
- Technical assistance with Federal Energy Regulatory Commission (FERC) Environmental Impact Statement (EIS) review and analysis
- Assisting with evaluation of project cost reduction opportunities
- Joint economic model to assess project feasibility



## Alaska LNG Fund Balance

AGDC operations and Alaska LNG Project direct expenses are paid out of the Alaska LNG Project Fund (A.S. 31.25.110).

Last appropriation to the fund was in FY2016 to cover the buyout of TransCanada by DNR.

Fund balance 1/1/2020:	\$27MM
FY20 projected expenses:	\$13 to \$15MM
Estimate fund balance 6/30/20:	\$18 to \$22MM



# Alaska Energy Authority

## **Alaska Energy Authority:** *Reducing the cost of energy in Alaska*

The Alaska Energy Authority (AEA) was created by the Alaska Legislature in 1976 to reduce the cost of energy in Alaska.

- Today, AEA is increasing access to affordable, renewable energy throughout the state through technical assistance and training, rural powerhouse, tank farm, and renewable energy programs, the Power Cost Equalization (PCE) program, the Power Project loan fund, and AEA-owned energy infrastructure.
- FY2021 Operating Budget: \$847.3 (UGF)/\$32,682.3 (DGF)/\$3,622.4 (OTH) \$1,202.0 (FED), 0 PFT (positions housed in AIDEA)



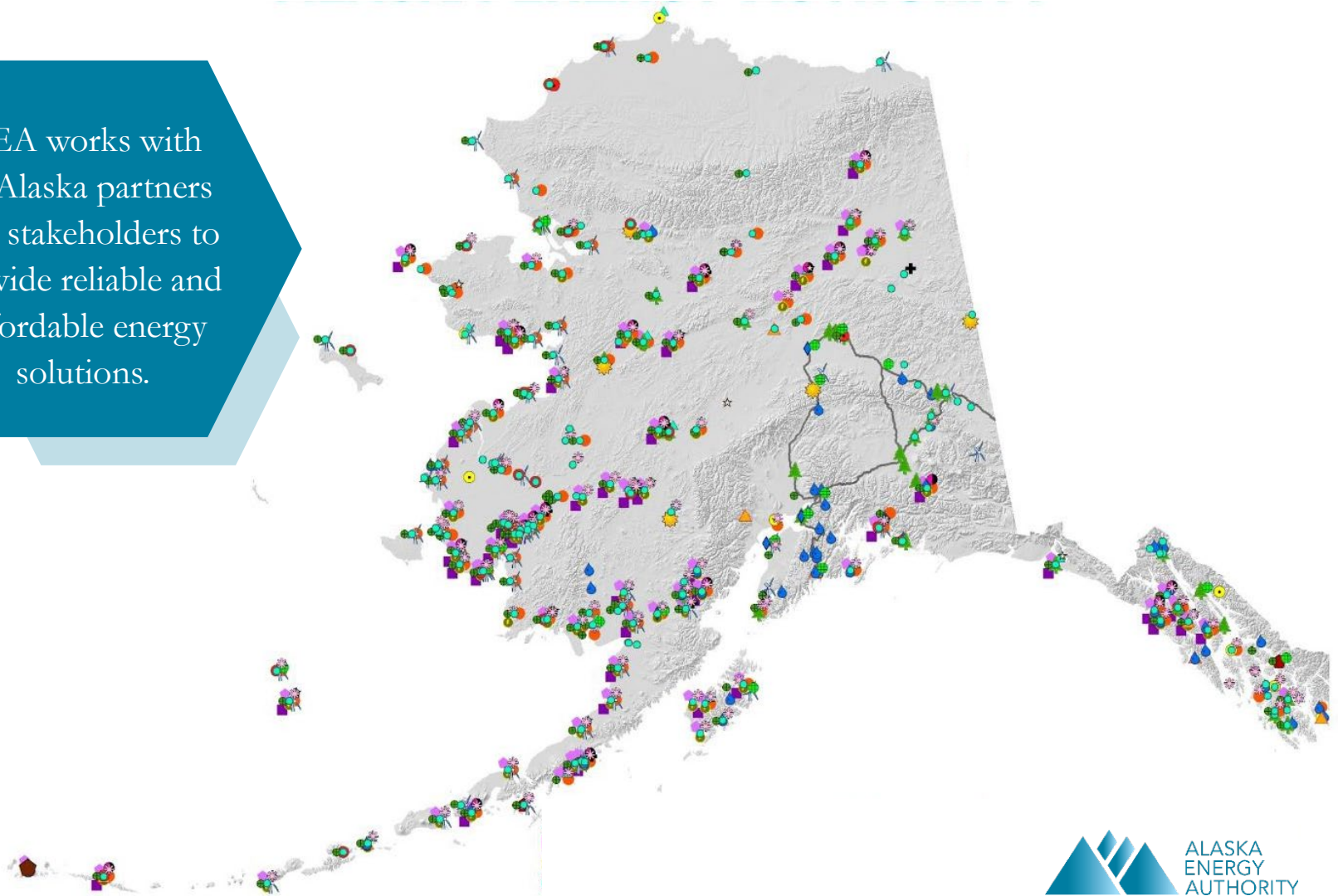
*Curtis W. Thayer*  
*Executive Director*





# AEA Statewide Projects

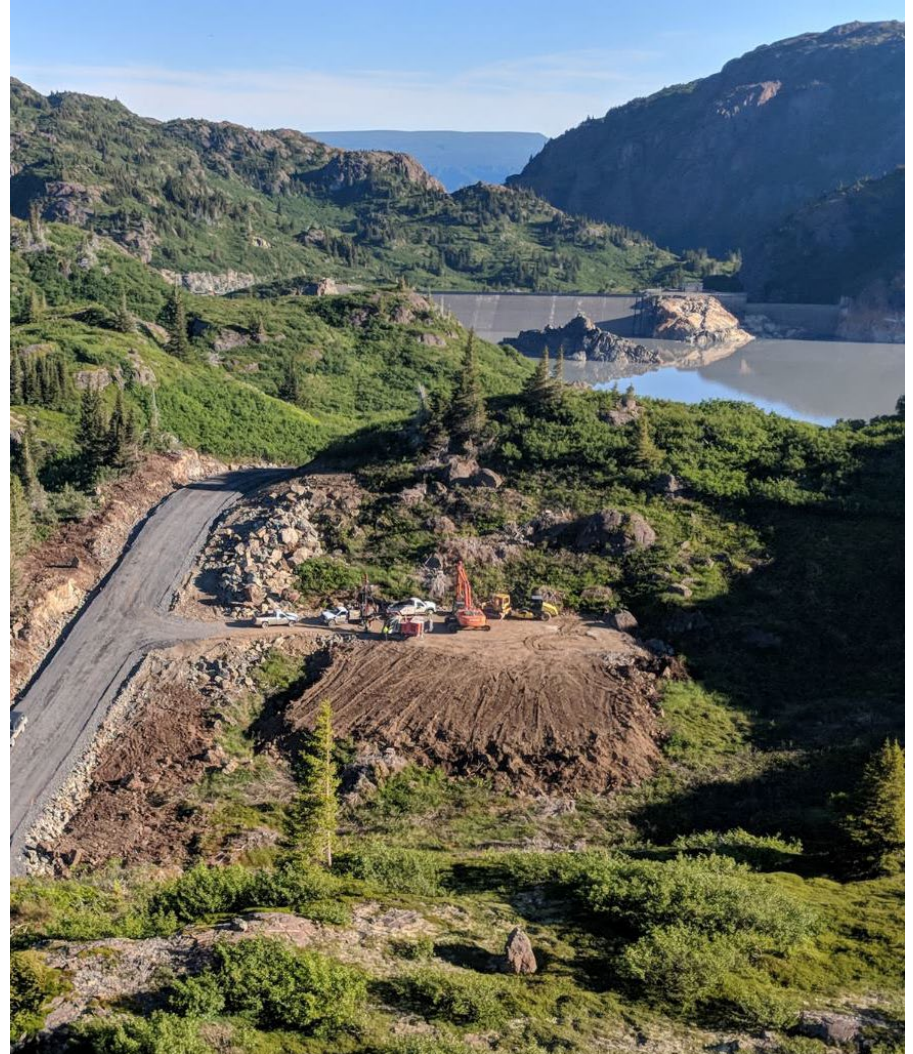
AEA works with its Alaska partners and stakeholders to provide reliable and affordable energy solutions.





# AEA Programs and Projects

- Bradley Lake Hydroelectric Project
- Alaska Intertie
- Bulk Fuel Upgrades
- Rural Power System Upgrades
- Rural Utility Assistance
- Power Cost Equalization
- Renewable Energy Fund Grants
- Power Project Fund Loans
- Alaska C-PACE
- Alternative Energy & Energy Efficiency
- Energy Project Development





# AEA FY2021 Budget

<b>AEA FY2021 OPERATING BUDGET (ALL COMPONENTS)</b>	<b>FY2020 Authorized</b>	<b>FY2021 Governor</b>	<b>Variance</b>
<b>Expenditure Categories:</b>			
Travel	134.8	134.8	-
Services (includes personal services paid to AIDEA)	9,698.2	8,548.2	(1,150.0)
Commodities	56.0	56.0	-
Capital Outlay/Equipment	15.0	15.0	-
Grants	32,100.0	29,600.0	(2,500.0)
<b>Totals</b>	<b>42,004.0</b>	<b>38,354.0</b>	<b>(3,650.0)</b>
<b>Funding Sources:</b>			
Unrestricted GF (undesignated)	847.3	847.3	-
Power Project Fund (designated)	995.5	995.5	-
Renewable Energy (designated)	2,000.0	1,400.0	(600.0)
PCE Endowment (designated)	32,736.8	30,236.8	(2,500.0)
GF Program Receipts (designated)	100.0	50.0	(50.0)
Subtotal (Designated & Undesignated GF)	<b>36,679.6</b>	<b>33,529.6</b>	<b>(3,150.0)</b>
CIP Receipts	2,567.8	2,567.8	-
Federal Receipts	1,502.0	1,202.0	(300.0)
AEA Receipts	980.7	780.7	(200.0)
I/A Receipts	123.9	123.9	-
Statutory Designated Program Receipts	150.0	150.0	-
<b>Totals</b>	<b>42,004.0</b>	<b>38,354.0</b>	<b>(3,650.0)</b>







# Alaska Industrial Development and Export Authority

**Alaska Industrial Development and Export Authority:** *promoting, developing, and advancing economic growth and diversification in Alaska by providing various means of financing and investment*



*Executive Director  
Tom Boutin*

AIDEA finances and develops commercial, industrial, and infrastructure projects that create jobs and grow Alaska's economy.

- FY2021 Operating Budget: \$15,194.0 (OTHER), 82 PFT
- AIDEA's FY2021 dividend to the State is \$14.5 million, an increase of \$4.2 million from FY2020 and the maximum amount allowed under statute. A \$4.8 million dividend was paid to the state in FY19 and \$10.3 million dividend declared by AIDEA's Board to be paid FY20.
- In FY19, AIDEA's financing programs supported the creation or retention of 1,359 permanent jobs.
- Self funded operations using AIDEA's own resources-not General Fund by statute-AS44.88.190(b)
- Statutory focus on jobs, economic development, finance, rural development, arctic development and energy.
- Pays an annual dividend to the State of Alaska - \$422.4 million declared since 1997.



## FY19 Highlights

### Commercial Finance

- Loans brought to AIDEA by an Alaskan bank or credit union.
- \$50.5 million in loan participations funded in FY19 leveraging 13.4% of participating bank equity capital.
- 148 permanent and 229 temporary jobs created or retained.

### Conduit Revenue Bond Program

- Financing of up to \$145 million approved by AIDEA board for Tanana Chiefs Conference, bond issue closed October 2019.

### Project Financing and Infrastructure Development

- \$113.3 million funded in project financings and infrastructure development projects in FY19.



# Alaska Industrial Development and Export Authority

## FY20 Update

### Commercial Finance

- \$37.1 million in loan participations funded as of December 31, 2019 leveraging 15.4% of participating bank equity capital.
- Loan participation commitments of \$58.7 million, applications of \$10.4 million and \$128.1 million in a preflight status.
- 99 permanent and 32 temporary jobs created or retained.

### Conduit Revenue Bond Program

- Issued \$126.7 million in conduit revenue bonds for the Tanana Chiefs Conference Project and \$68.5 million in conduit revenue bonds for the Greater Fairbanks Community Hospital Foundation Project.
- Working with conduit borrower on additional \$78 million financing anticipated to close in Q4 FY20.
- Issued \$1.7 billion (excluding bonds issued to refund other bonds) for 320 projects.

### Project Financing and Infrastructure Development

- First financing authorized under AK SHIP program in an amount not to exceed amount of \$3.6 million to UnCruise Adventures, an Alaskan owned business. Board will be considering in March additional financing of up to \$1.5 million for Kotzebue based vessel to be rebuilt at the Seward shipyard.
- Board authorized up to \$15.0 million financing to Icy Strait Point in coordination with their second phase development with Norwegian cruise lines. The City of Hoonah is currently receiving \$1.7 million in sales taxes and also receives revenue from the State's commercial passenger vessel excise tax.
- Additional \$14.0 million in SETS financing authorized for the Interior Energy Project.
- More than a dozen projects in the pipeline with potential estimated AIDEA future investment of hundreds of millions of dollars. Potential projects range from smaller projects with an AIDEA financing of less than \$2 million to large projects with a potential AIDEA involvement of more than \$100 million.





# Statutory Changes

## HB 216/SB 157: Professional Licensing Reform Overview

- This bill reduces barriers to practice in a variety of professions and moves toward “right-sizing” government without placing the public at risk.
- Creates improved regulatory solutions, including universal temporary licensure.
- Removes barriers to licensure by adding “reasonable basis review” of applicants with criminal convictions and cleaning up unnecessary or outdated statutory requirements for individual professions.
- Removes unnecessary bureaucracy and inefficiencies by eliminating programs that are not meeting their statutory intent and don’t provide public protection.



# Statutory Changes

## HB 238/SB 179: Alaska Nurse Licensure Compact

- 34 states have joined the Nurse Licensure Compact (NLC): Indiana and Alabama will implement the NLC in 2020. Bills to enact the NLC are currently pending in Massachusetts, Michigan, and Pennsylvania with several others expected in the 2020 session.
- The NLC is widely supported in Alaska: The Nurse Licensure Compact is supported by Alaskan nurses, ASHNHA, Department of Defense, Fresenius Medical Care, AARP, and many more.
- Critical tool in supporting healthcare innovation and rural critical access healthcare: As telemedicine is increasingly being used to provide care, the ability for nurses to provide care across state lines is becoming even more important.



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