

**1/26/11**

**BUDGET**

**OVERVIEW:**

**DEPARTMENT OF**

**COMMERCE,**

**COMMUNITY AND**

**ECONOMIC**

**DEVELOPMENT**

<TARGET><BILL></BILL><SUBJECT>1-26-11 BUDGET OVERVIEW  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC  
DEVELOPMENT</SUBJECT><COMM>HFIN27</COMM></TARGET>



# ALASKA

DEPARTMENT OF  
COMMERCE,  
COMMUNITY,  
AND ECONOMIC  
DEVELOPMENT

PROMOTING A HEALTHY  
ECONOMY AND STRONG  
COMMUNITIES.

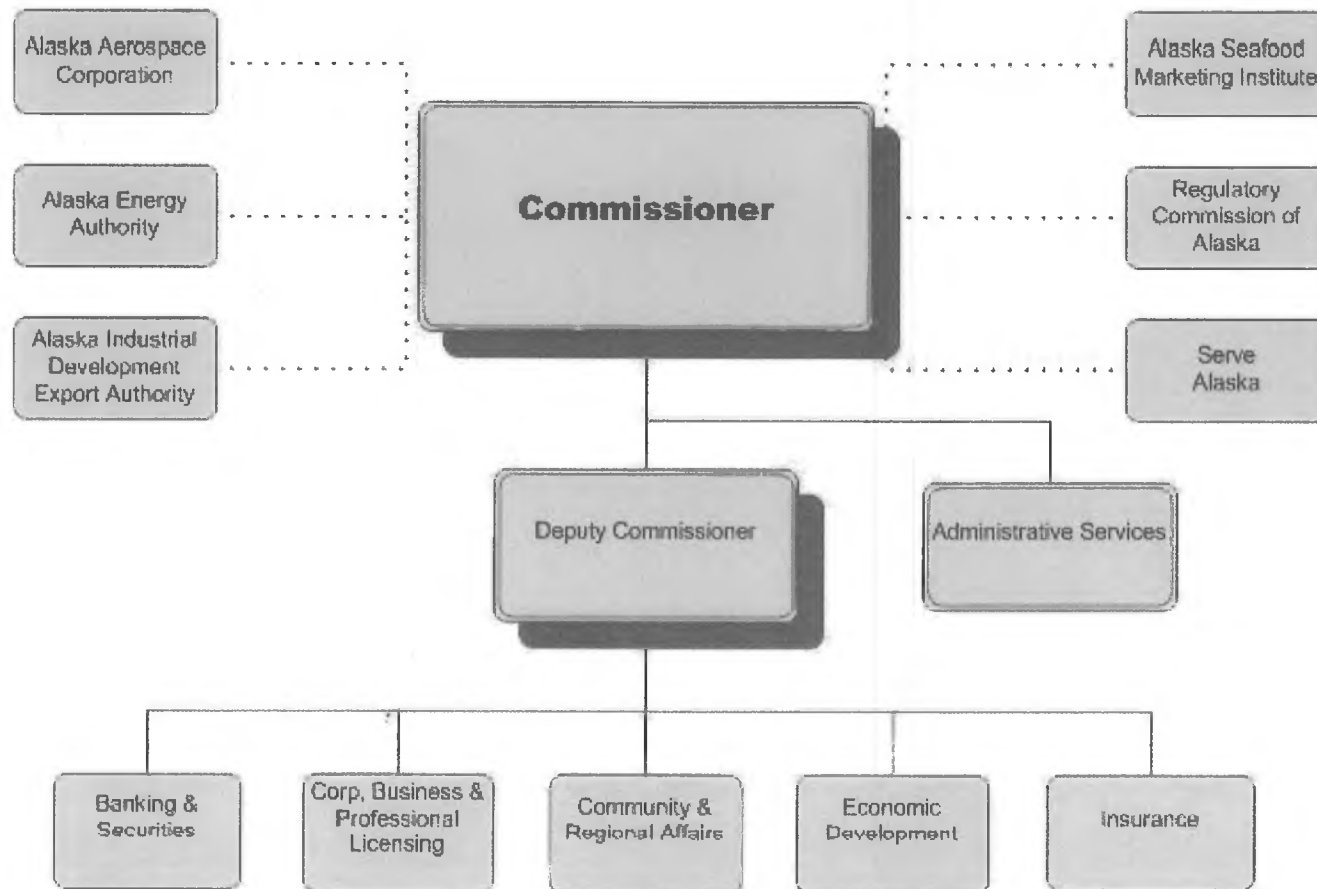
[www.commerce.state.ak.us](http://www.commerce.state.ak.us)

**Susan Bell, Commissioner**

**Presented to the  
House Finance Committee**

**January 26, 2011**

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



# Office Locations



Anchorage  
Bethel

Dillingham

Fairbanks

Juneau

Kodiak

Kotzebue

Nome

Tok

Seattle

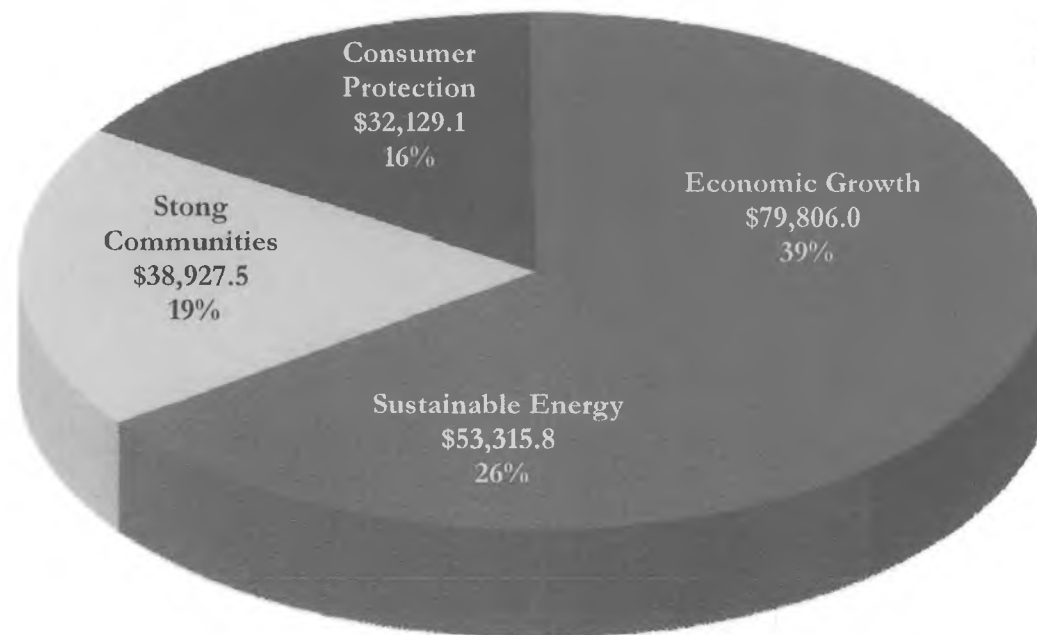
**Total employees: 538**

# Priority Programs

- **Economic Development**
  - Economic Development; Alaska Aerospace; AIDEA; ASMI
- **Sustainable Energy**
  - Alaska Energy Authority
- **Strong Communities**
  - Community and Regional Affairs; Serve Alaska
- **Consumer Protection**
  - Banking and Securities; Insurance; Corporations, Business and Professional Licensing; Regulatory Commission of Alaska

# Budget by Priority Program

FY12 \$204,178.4



# Economic Development Programs

- **Division of Economic Development**
  - Strengthening/realigning: finance, marketing, research, business/technical assistance, outreach/coordination
- **Financing**
  - 268 loans, totaling \$20.3 million
  - Legislation proposing several targeted loan programs
- **Made in Alaska**
  - 2010 Showcase: 48 vendors and 19 Alaska/national buyers
- **Alaska Film Office**
  - 29 film productions prequalified for tax credits
  - Marketing and logistical support for productions

# Economic Development cont.

- Tourism Development
  - Increased market demand for Alaska travel
  - Created product development and training
  - Engaged industry and conducted economic impact analysis
- Increased outreach and effectiveness
  - Leverage external/internal partners
    - Minerals, forestry, seafood, agriculture, transportation
  - Multi-year international trade strategy
  - Business retention and expansion strategy
  - Expanded presence at key trade shows and forums
  - Council of Economic Advisors
  - Connect Alaska broadband strategy

# Economic Development cont.

- Alaska Aerospace Corporation
  - Supported Air Force SPT-26 launch in November
  - Planning next launch in May 2011
- AIDEA
  - Revolving loan fund assets increase by \$37.1 million
  - FY12 dividend \$29.4 million
  - Expanding development projects and economic dev. tools
- Alaska Seafood Marketing Institute
  - Increasing exposure for Alaska seafood in U.S. and international markets

# Sustainable Energy

- Completed *Alaska Energy Pathway*, July 2010
- Program Overview
  - Renewable energy development
  - Technical assistance
  - Bulk fuel facility upgrade and loan program
  - Rural power system upgrades
- Renewable Energy Fund grants
  - \$150 million, 133 projects
- Pursuing new projects to meet statewide energy efficiency goals

# Strong Communities

- Community and Regional Affairs Overview
  - Local government assistance
  - Rural Utility Business Advisory program (167 communities)
  - Administered \$1.2 Billion in grants in FY11
  - \$34 million to communities (PILT, National Forest Receipts, Fisheries Business Tax, Fisheries Landing Tax) plus Community Revenue Sharing (\$60 million)
  - Land management and planning
  - State assessor, community publications, Local Boundary Commission
  - Bulk Fuel Bridge Loan (21 communities in 2010)

# Strong Communities cont.

- Community viability and capacity building are a continuing challenge
  - Increased operating costs, staff turnover, and potential for reduced federal funding
  - Lack of infrastructure and the high cost of doing business in rural Alaska
  - Water, electric, fuel utilities vulnerable – may need more regional strategies
  - Disparity in the ability to attract and evaluate diverse economic development projects
  - High energy costs negatively impact community viability and economic development efforts

# Strong Communities cont.

- Implementing FY11 changes
  - Increased onsite technical assistance
  - Land management assistance
- Increase volunteerism
  - Collaborate in national service activities and training
  - 300,934 hours in education, health, public safety, environment
  - Challenges include maintaining technical assistance and sub-grantee monitoring in expanding portfolio

# Consumer Protection

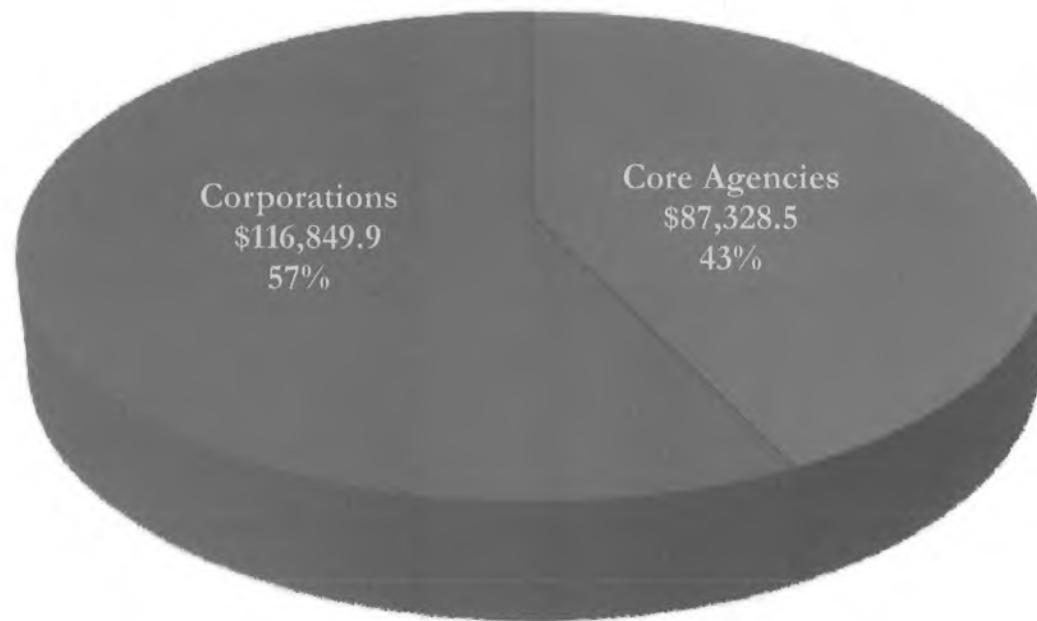
- **Banking and Securities**
  - License, charter and examine banks
  - Consumer education and protection
  - ANCSA proxies
- **Insurance**
  - Ensure financial solvency
  - License, ensure compliance
  - Criminal investigations
  - Consumer education and protection
  - Challenges include increased number and complexity of insurance products and associated increase in investigations

# Consumer Protection cont.

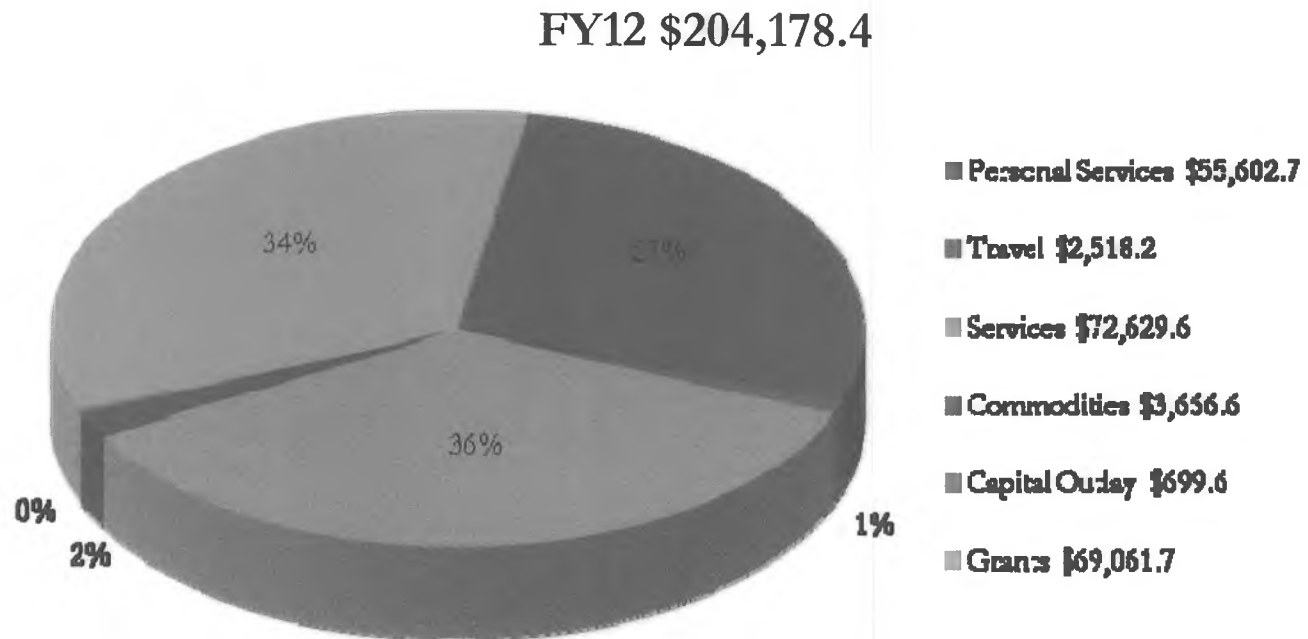
- Corporations, Business and Professional Licensing
  - Administer 40 professional licensing programs
  - Business licenses
  - Register corporations and trademarks
  - Consumer outreach and complaint investigation
- Regulatory Commission of Alaska
  - Regulate public utilities and pipeline carriers
  - Tariff filings, dispute resolution, regulations
  - Establish PCE rates
  - Significant challenges include emerging energy issues, changing regulatory environment, and viability of rural utilities
  - FY12 concurrent hearings with FERC on TAPS

# Budget by Agency Type

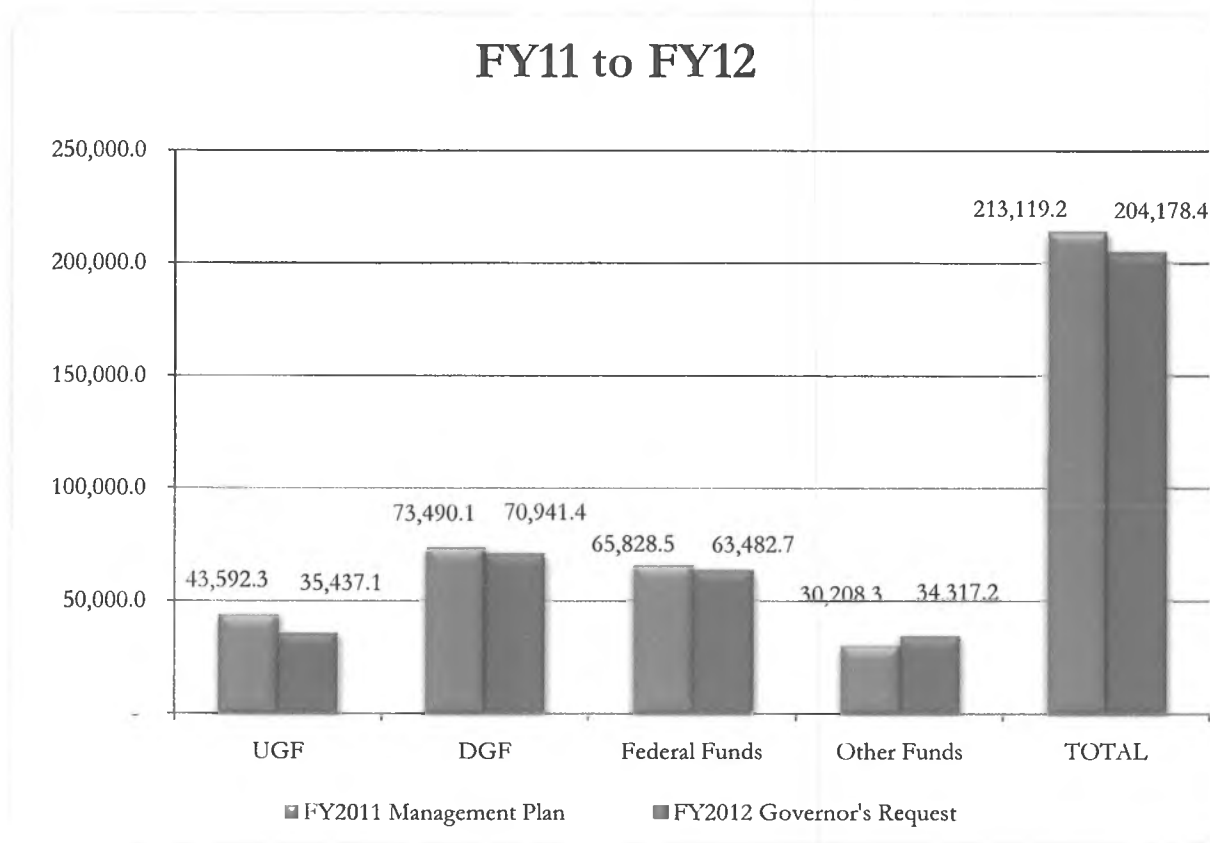
FY12 \$204,178.4



# FY12 Budget by Line Item



# Budget by Fund Source



# Conclusion

In conclusion, the state and the department have many challenges to address on the path to economic growth and sustainable communities. We look forward to a continued discussion on how to keep the forward momentum, and on the role of the department's core and corporate agencies in this statewide effort. The department's FY2012 budget request reflects a commitment to continue the services of our priority programs for economic development, energy, strong communities, and consumer protection.