

02/05/15

**BUDGET OVERVIEW
FY 16:**

**DEPARTMENT OF
COMMERCE,
COMMUNITY, &
ECONOMIC
DEVELOPMENT**

<TARGET><BILL></BILL><SUBJECT>02-05-15 BUDGET OVERVIEW
FY 16 DEPARTMENT OF COMMERCE, COMMUNITY, and ECONOMIC
DEVELOPMENT</SUBJECT><COMM>HFIN29</COMM></TARGET>



THE STATE
of ALASKA
GOVERNOR BILL WALKER

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

Department Overview

presented to

House Finance Committee

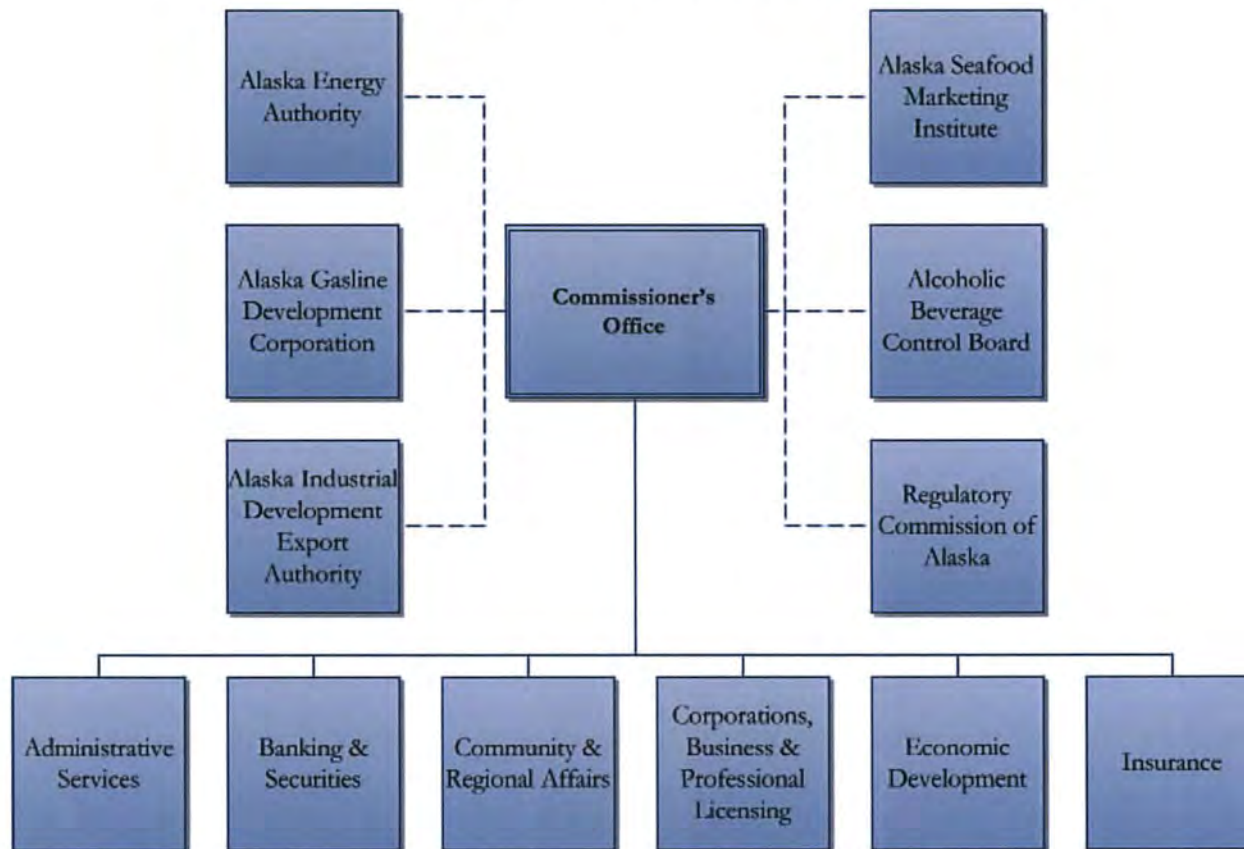
Acting Commissioner Fred Parady

February 5, 2015



Department Organization

DCCED's mission is to promote strong communities, a healthy economy, and to protect consumers in Alaska.

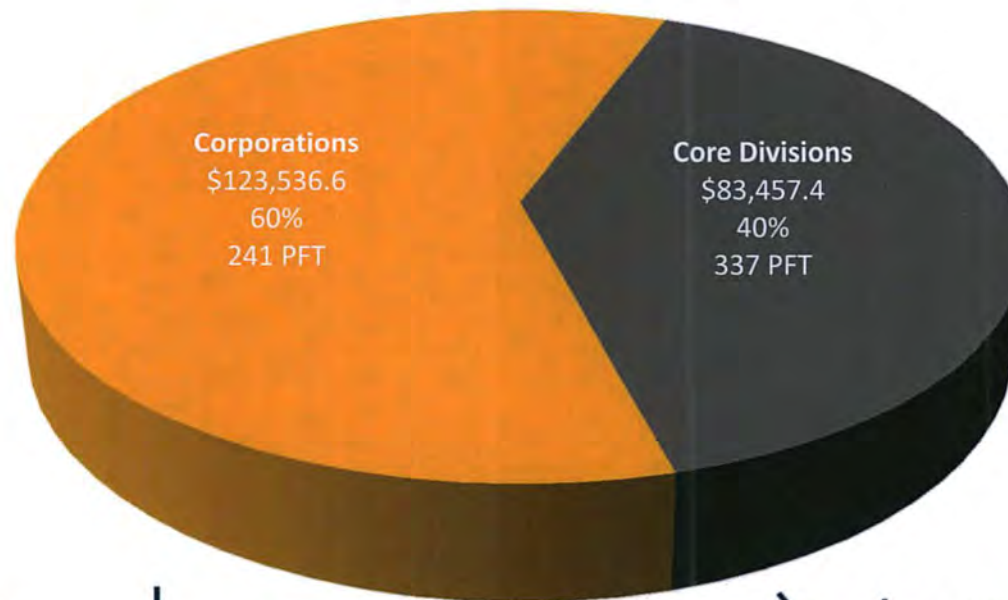


The department comprises 578 permanent full-time, 1 permanent part-time, and 7 non-permanent budgeted staff in 3 core and 7 remote locations.



Department Makeup

Funding Distribution – FY2016 Governor Amended Corporate Agencies and Core Divisions



- Alaska Energy Authority
- Alaska Gasline Development Corporation
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute
- Alcoholic Beverage Control Board
- Regulatory Commission of Alaska

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



Budget by Core Services

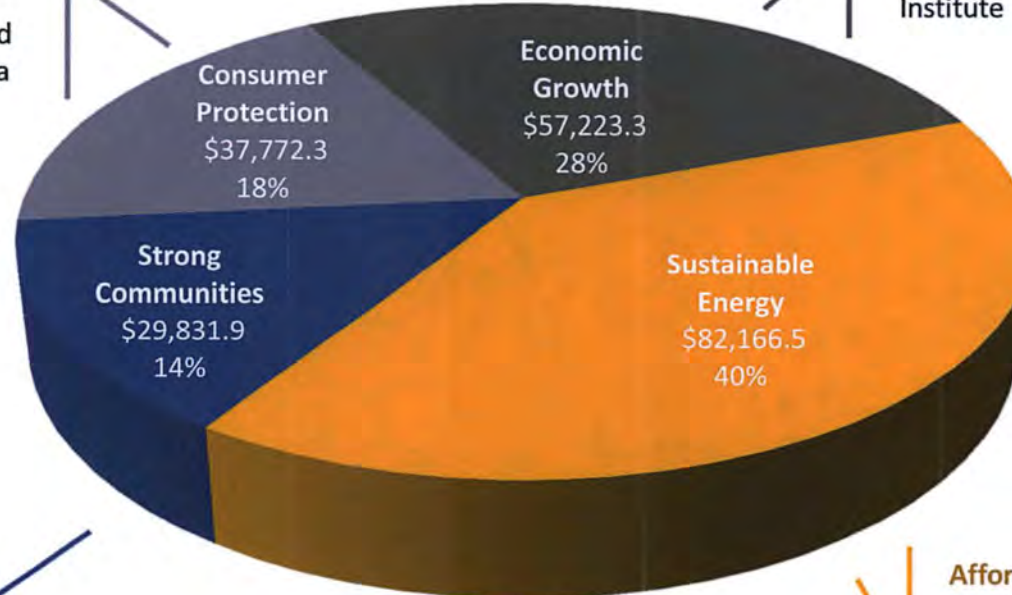
FY2016 Governor Amended

Consumer Protection

- Banking and Securities
- Corporations, Business, and Professional Licensing
- Insurance
- Alcoholic Beverage Control Board
- Regulatory Commission of Alaska

Economic Growth

- Economic Development
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute



Strong Communities

- Community and Regional Affairs

Affordable Energy

- Alaska Energy Authority
- Alaska Gasline Development Corporation

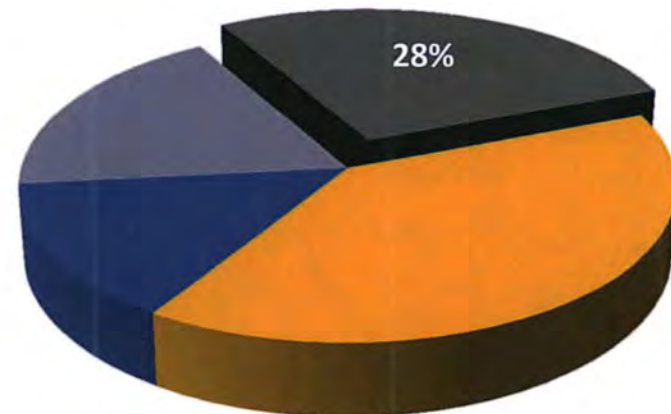
Activities related to the Administrative Services Division and the Commissioner's Office are allocated across all core services.

Alaska Railroad Corporation is not included because it receives no operating funds from the state.



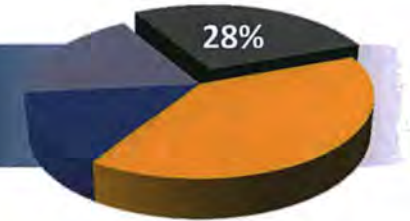
Economic Growth

- Division of Economic Development
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute





Economic Growth



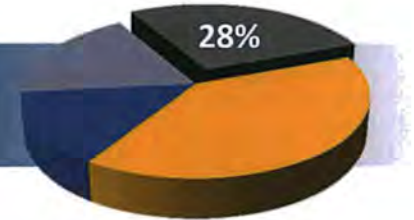
Division of Economic Development

Mission: Promote economic development opportunities.

- 261 loans for \$29.1 million across 10 loan programs to Alaska-owned businesses, including 237 in the Commercial Fishing Revolving Loan Fund
- Tourism marketing, which generated 800,000 information requests, 220,000 trips, and 700,000 visitors
- Partnerships with industry and University of Alaska to support resource development efforts to develop new industry
- Manufacturing support through the Made in Alaska and Alaska Product Preference programs



Economic Growth



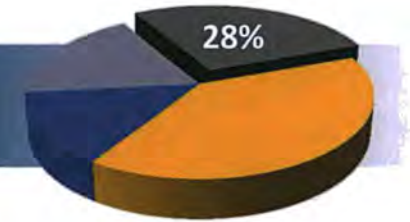
Alaska Industrial Development and Export Authority (AIDEA)

Mission: Promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investments.

- \$17.6 million FY2016 dividend approved
- Nearly \$700 million in private sector investment leveraged (projected)
- Projects and investments will create or retain nearly 1,500 construction jobs and over 1,000 permanent jobs (projected)



Economic Growth



Alaska Seafood Marketing Institute

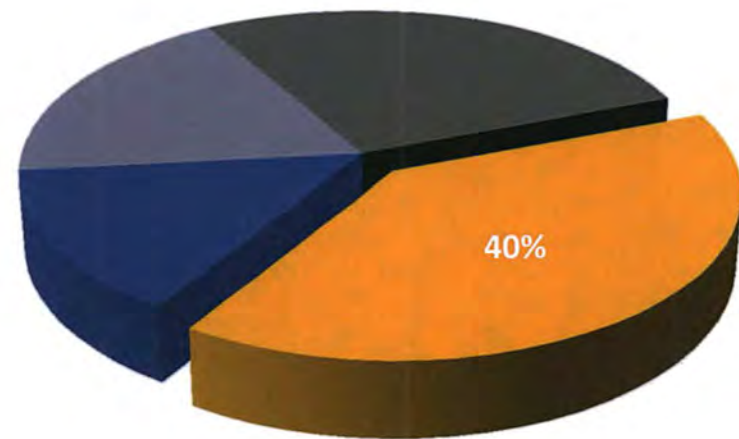
Mission: Increase the economic value of Alaska's seafood resources.

- Export value up nearly 85 percent to \$3.2 billion in ten years
- Responsible Fisheries Management initiative
- Collaborating with tourism marketing, Alaska Grown, and Nutritious Alaskan Foods in Schools programs
- Voluntary Fish Tax at .5 percent of ex-vessel value, generating roughly \$12 million



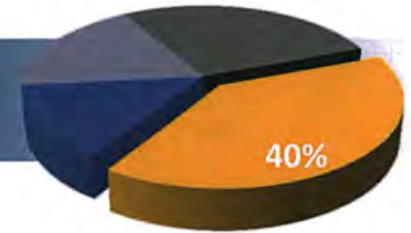
Affordable Energy

- Alaska Energy Authority
- Alaska Gasline Development Corporation





Affordable Energy



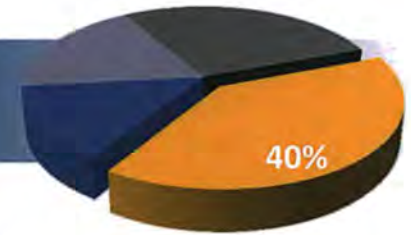
Alaska Energy Authority

Mission: Reduce the cost of energy in Alaska.

- Nearly \$40 million disbursed in Power Cost Equalization grant payments to 188 communities in FY2014
- 53 of 114 rural power system upgrades completed
- 22 projects funded through the Emerging Energy Technology Fund program
- Annual fuel savings from the Renewable Energy Fund projected to be 20 million gallons of diesel equivalent in 2016



Affordable Energy



Alaska Gasline Development Corporation

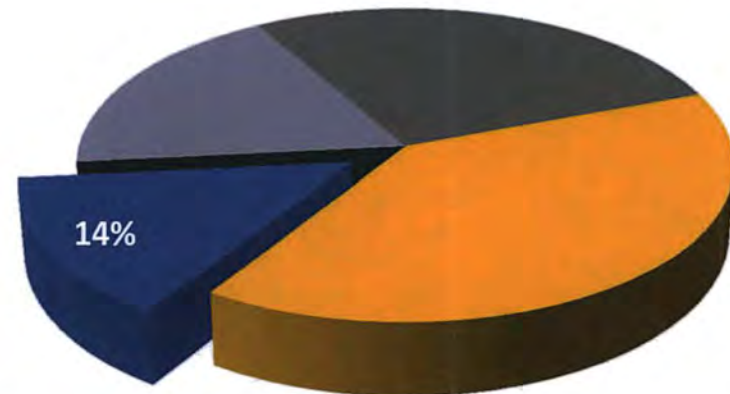
Mission: Advance the development, financing, construction and operation of in-state natural gas pipelines and other transportation systems to deliver natural gas and other non-oil hydrocarbon products for the maximum benefit of Alaskans.

- Working to synchronize timing of AKLNG and ASAP project decisions
- Completed ASAP Class 3 cost estimate (+/- 20%)
- Produced new burner tip estimates
FBKS \$11.50 - \$14, ANC \$11.50 - \$14.50



Strong Communities

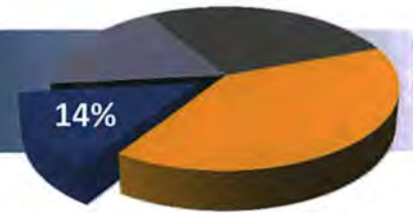
- Division of Community and Regional Affairs



*Opportunities to breakdown silos and carry the state's
full briefcase to all areas of the state*



Strong Communities



Division of Community and Regional Affairs

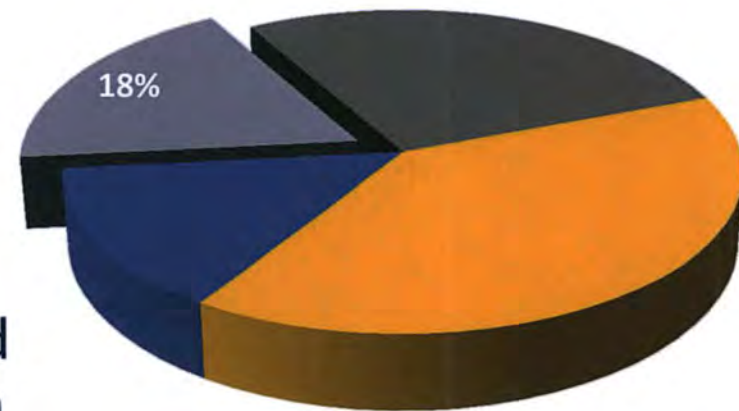
Mission: Promote strong communities and healthy economies.

- Capacity building and technical assistance provided to over 200 communities; 80 disruptions to essential public services prevented
- Rural Utility Business Advisor program assisted 147 communities and trained nearly 200 rural utility managers
- Local Boundary Commission approved the Edna Bay incorporation, creating Alaska's first new city in ten years
- Over \$85 million distributed to 307 communities through revenue sharing and other programs
- Staff being cross-trained to deliver secondary information and assistance to local governments



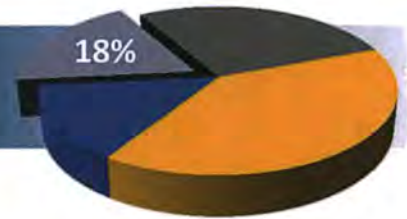
Consumer Protection

- Alcoholic Beverage Control Board
- Regulatory Commission of Alaska
- Division of Banking and Securities
- Division of Corporations, Business and Professional Licensing
- Division of Insurance





Consumer Protection



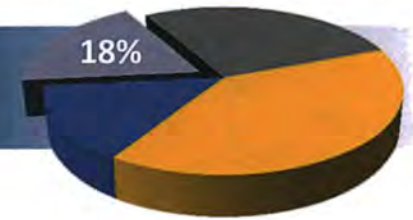
Alcoholic Beverage Control Board

Mission: Protect the public from alcoholic beverage abuse by enforcing state laws regulating alcoholic beverage commerce.

- 1,847 active liquor licenses in 2014
- Issued 1,432 catering and special events permits
- Since transition into DCCED in FY2013, increased collaboration with other agencies, communities and businesses
- Registered interested individuals online for updates on development of regulations for marijuana
- Title 4 rewrite ready for legislative consideration
- Supplemental requested for FY2015 PSUM implementation



Consumer Protection



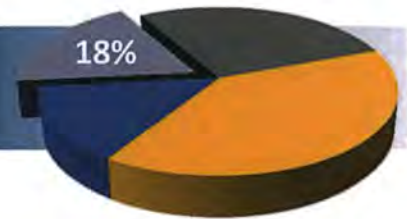
Regulatory Commission of Alaska

Mission: Assure viable utility and pipeline service is provided with just and reasonable rates to consumers in Alaska.

- Significantly improved processes and minimized costs to ratepayers and companies
- Collaborating with the Regulatory Assistance Project to lower costs and lead to more efficient use of the Power Cost Equalization Fund



Consumer Protection



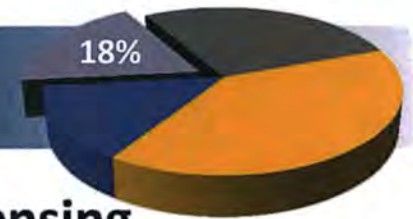
Division of Banking and Securities

Mission: Protect consumers of financial services and promote safe and sound financial systems.

- Contributed \$13.2 million of licensing fee and fine receipts to the general fund
- Facilitated \$95.0 in restitution payments to Alaskans
- License, register, charter and examine:
 - Investments and Securities firms, registrations and filings
 - ANCSA proxy filings and inquiries
 - Mortgage broker/lenders
 - Money service businesses (e.g., money transmitters, currency exchangers)
 - State depository and non-depository institutions
- Sponsored the Anchorage Fraud Summit in September 2013



Consumer Protection



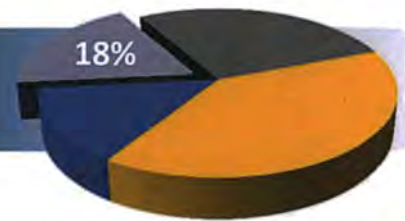
Division of Corporations, Business and Professional Licensing

Mission: Ensure that competent, professional and regulated commercial services are available to Alaska consumers.

- Active business licenses increased 2% from FY2013 to FY2014, totalling 68,503
- Newly-formed or registered corporations increased 4% from FY2013, totalling 6,595
- Supports 43 professional licensing programs (21 boards, 22 programs)
- Professional licenses increased 5% from FY2013, and are up 22% since FY2011
- Investigations unit's open-to-close case time decreased 52.4%
- Adjusted internal controls to achieve a 34% reduction in legal expenses since FY2011



Consumer Protection



Division of Insurance

Mission: Regulate the insurance industry to protect Alaskan consumers.

- Over \$3.4 billion in total premium written in CY2013
- Collected \$64 million in taxes and fees in FY2014
- Issued 47,376 licenses, an increase of almost 8% over FY2013
- Opened and closed 245 of 300 complaints, a closure rate of 85%
- \$216.0 returned to consumers in FY2014
- Opened 79 and closed 115 investigations
- Conducted first joint investigation with the Division of Banking and Securities



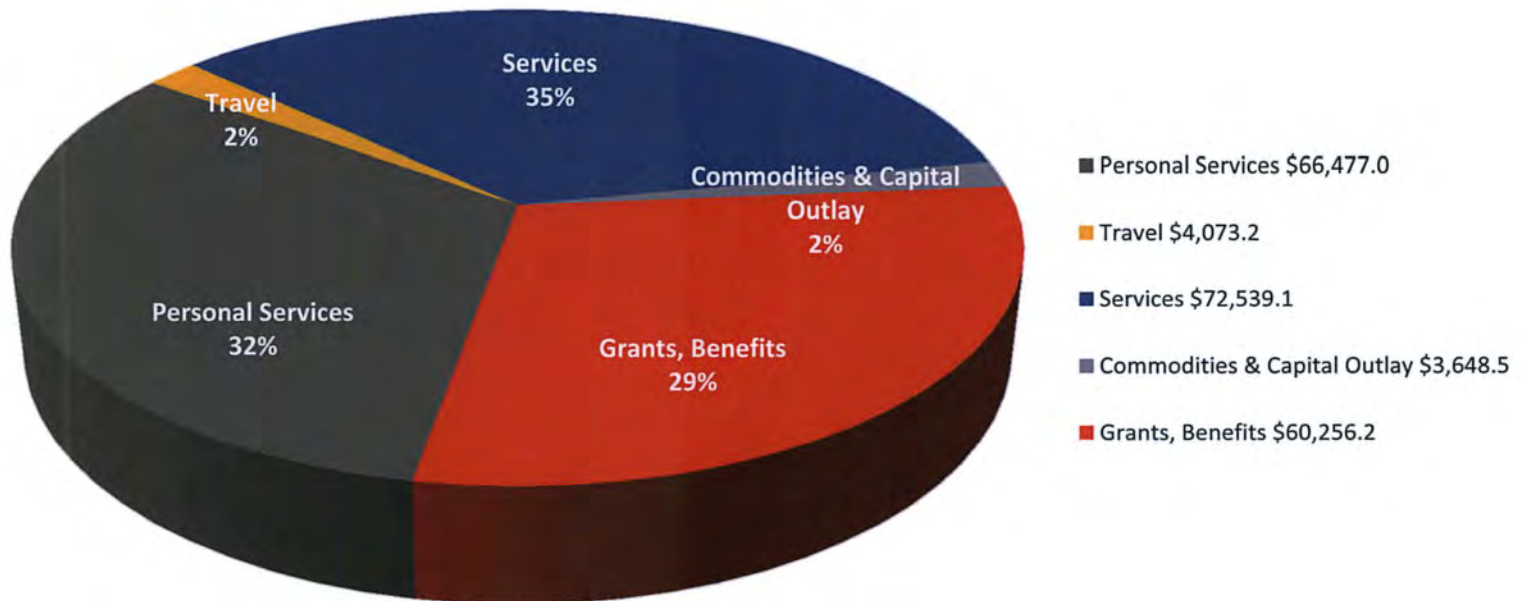
Challenges

- High cost of energy impacts residents, businesses and economic development efforts
- Gaps in critical infrastructure including roads, ports, communications, processing facilities
- Uncertainty hampering private investment
- Maintain awareness in national and international markets about Alaska products and services
- Geographic scale impacts logistics and transportation costs
- New program responsibilities (PSUM)



Department Budget Snapshot

	FY2015 Management Plan	FY2016 Adjusted Base	FY2016 Work in Progress	FY2016 Governor Amended	Change - Adjusted Base to Work in Progress		Change – Work in Progress to Amended	
Total – All Funds	\$215,347.6	\$207,789.7	\$215,277.0	\$206,994.0	\$7,487.3	+3.6%	-\$8,283.0	-3.8%
Unrestricted GF	\$40,469.5	\$37,537.9	\$38,575.4	\$35,489.4	\$1,037.5	+2.8%	-\$3,086.0	-8.0%





Legislative Finance Chart

DCCED Share of Total Agency Operations – GF Only (\$ Thousands)

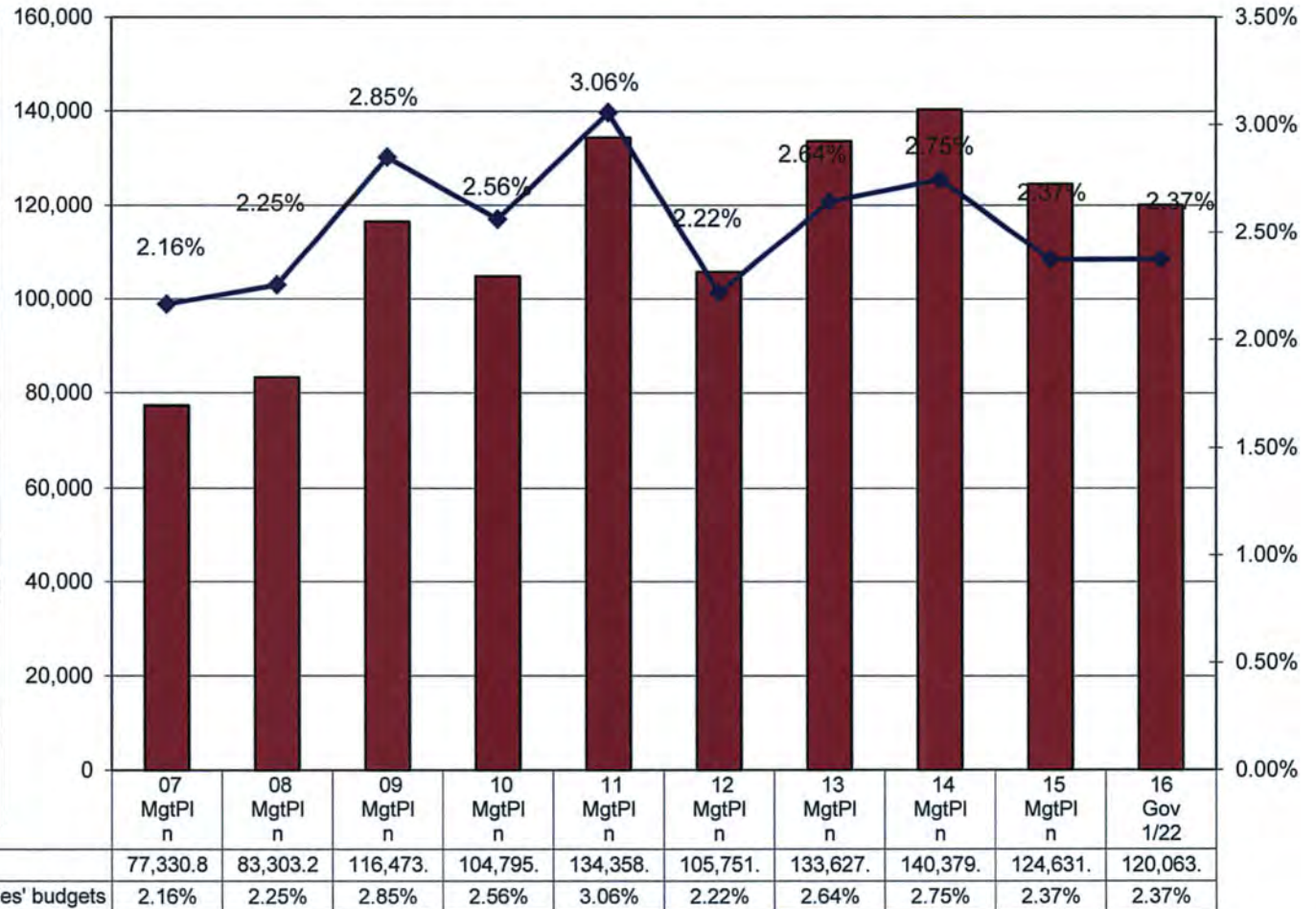
The department's GF budget grew by \$42.7 million between FY07 and FY16 Governor's Request - an average annual growth rate of 5%.

The department's total FY16 Governor's Request GF budget equals \$360 per resident worker.*

The department's budget increased by: \$33.2 million from FY08 to FY09 - an increase of 40%. Significant increases include:
 - \$24.4 million for AEA Power Cost Equalization
 - \$4 million for QTA Contract increase from \$5 million to \$9 million
 - \$1.6 million for expansion of Domestic & Overseas Seafood Marketing

\$29.6 million from FY10 to FY11 - an increase of 28%. Significant increases include:
 - \$15.6 million for the establishment of the Alaska Gasline Development Corporation (one-time)
 - \$5 million for Named Recipient Tourism Grant (one-time)
 - \$2 million for Renewable Energy Grants Management (one-time)

\$27.9 million from FY12 to FY13 - an increase of 28%. Significant increases include:
 - \$16 million for Tourism Marketing
 - \$5.5 million for Seafood Marketing
 - \$3.9 million for AEA Power Cost Equalization

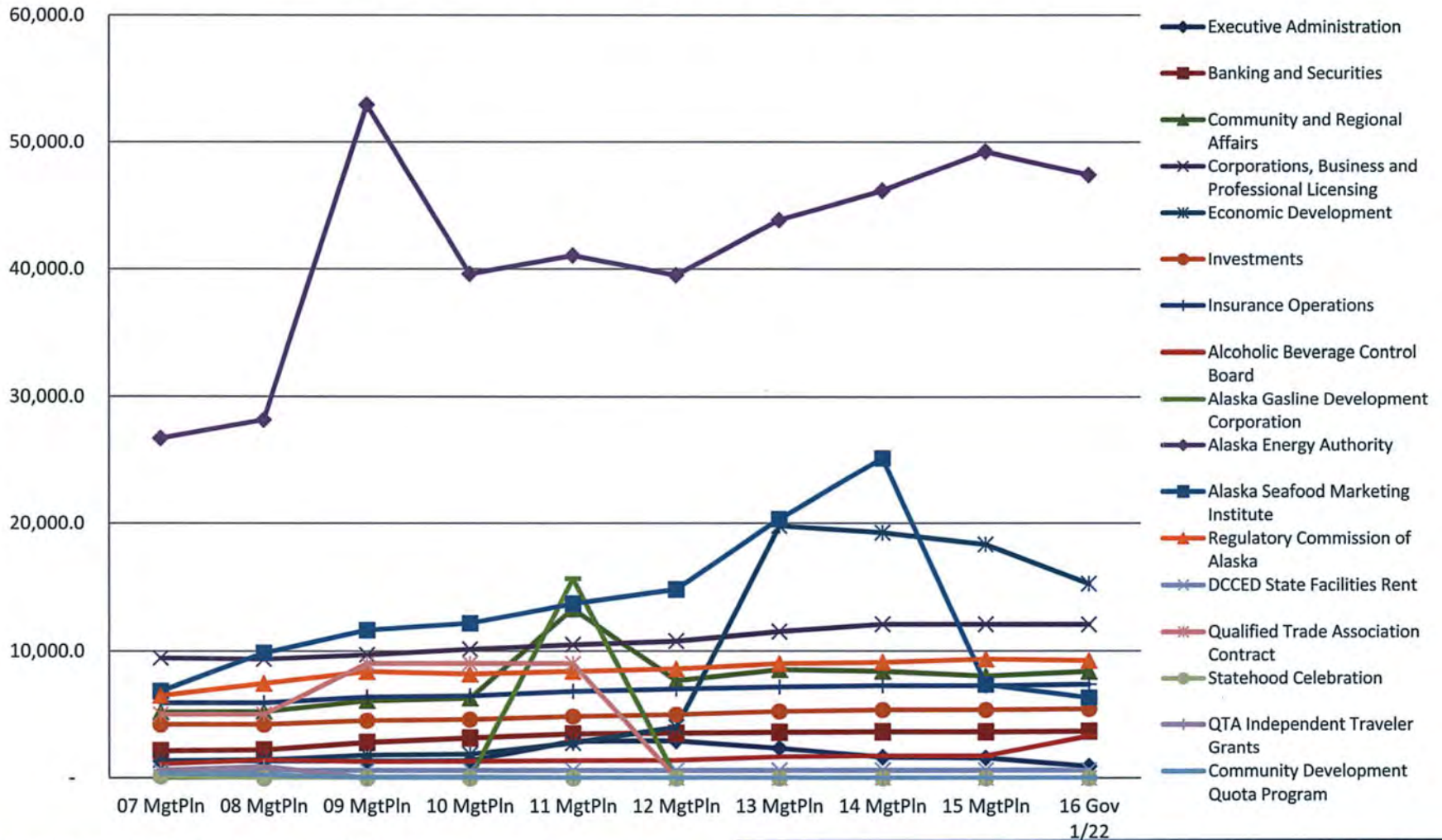


* According to the Department of Labor, there were 333,283 resident workers in Alaska in 2012.



Legislative Finance Chart

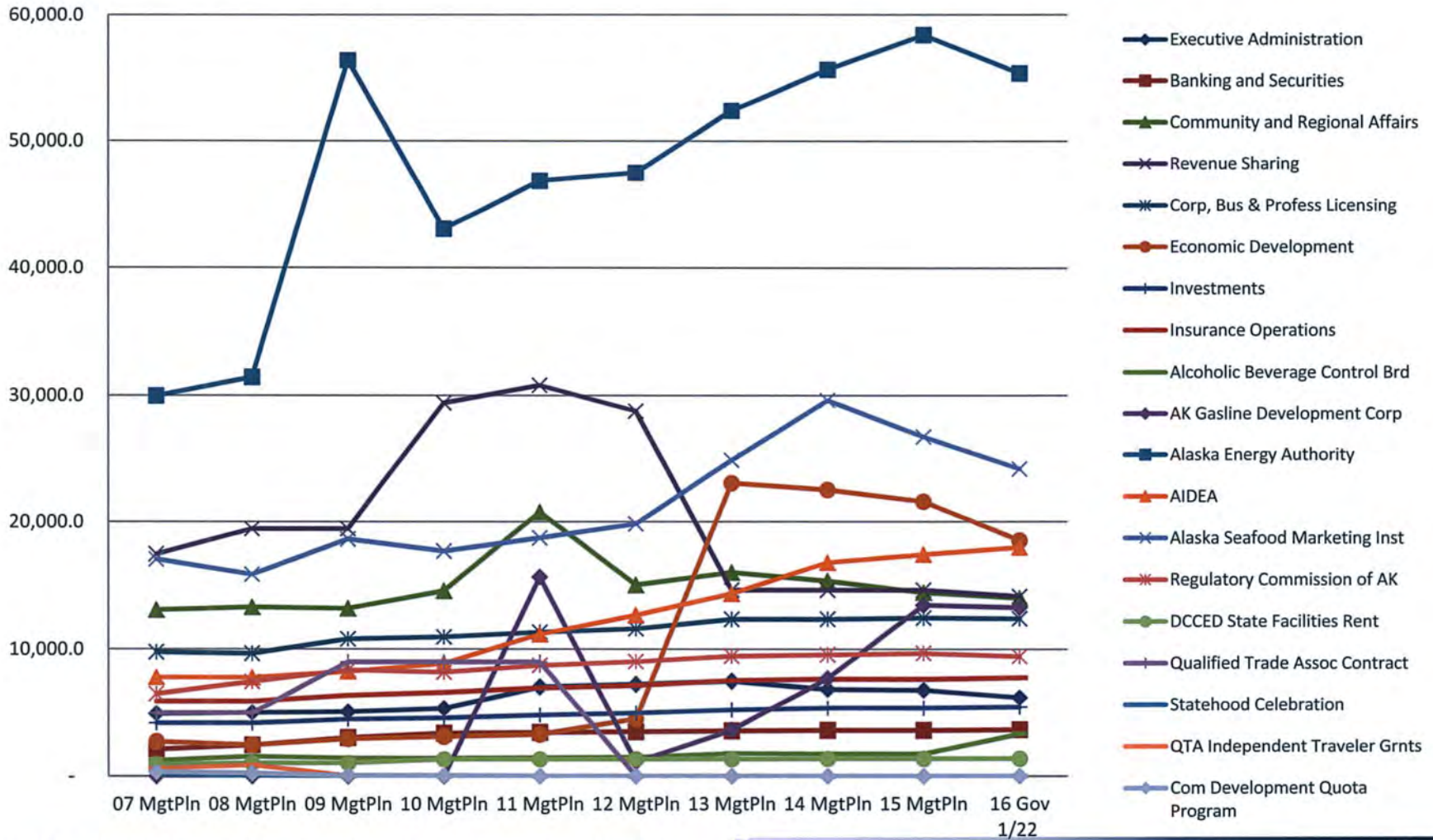
DCCED Appropriations – GF Only (\$ Thousands)





Legislative Finance Chart

DCCED Appropriations – All Funds (\$ Thousands)

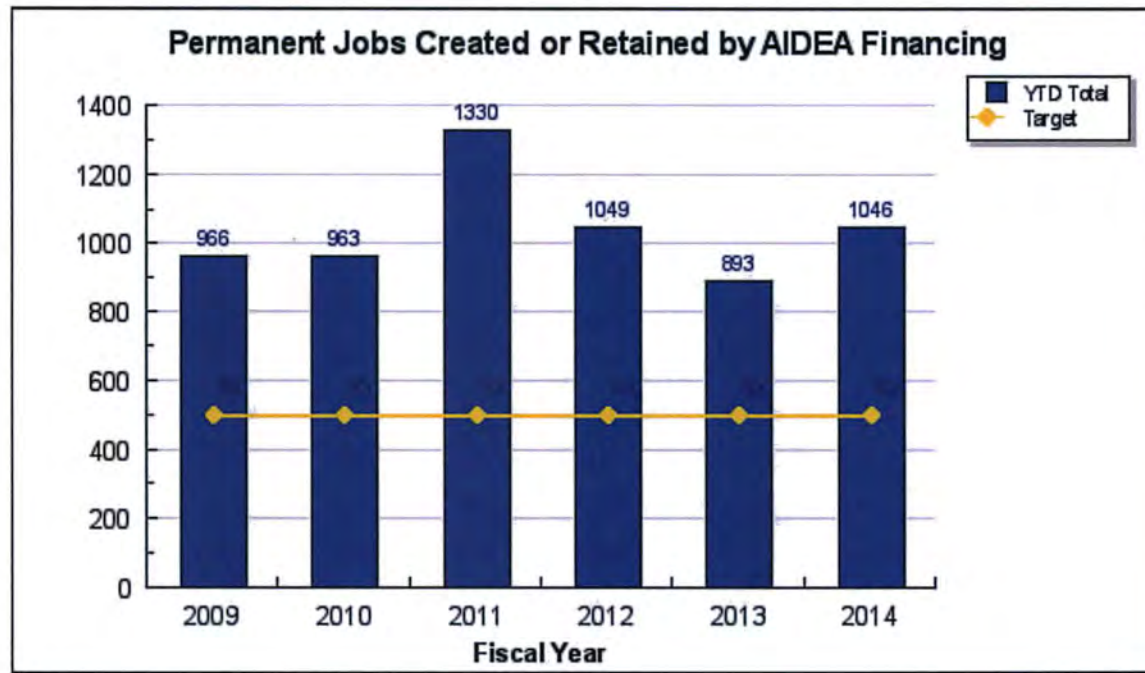




Performance

Economic Growth

Target: Create or retain 500 permanent jobs annually through the Project Development and Commercial Finance programs.

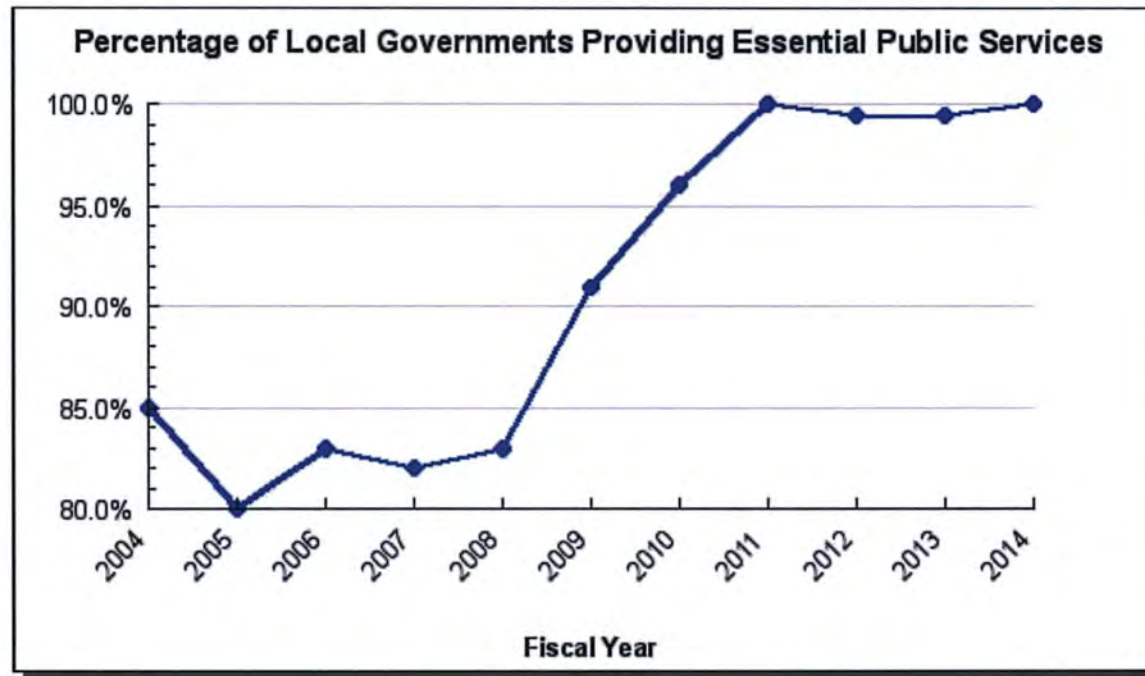




Performance

Strong Communities

Target: 100 percent of municipal governments provide essential public services.





Questions?