

**2018 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between 19Adj Base and 19GovAdj**

Numbers and Language Differences Agencies: DCCED

Agency: Department of Commerce, Community and Economic Development

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
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Banking and Securities

Banking and Securities

Licensing and Regulatory Management Database Hosting and Support	19GovAdj	Inc	180.4	0.0	0.0	180.4	0.0	0.0	0.0	0.0	0	0	0
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In FY2015, the Division of Banking and Securities entered into a contract using a capital appropriation to purchase a software-as-a-service (SaaS) licensing and regulatory management system to replace multiple department maintained databases and spreadsheets. This is the division's primary database: a single repository for managing and tracking filings, examinations, and enforcement cases. Annual hosting and support is needed to maintain functionality of the SaaS software. The capital appropriation that that funded the initial purchase, development, and implementation is exhausted, and the division does not have sufficient operating receipt authority to cover the on-going hosting and support costs.

Annual receipt collections in the division are more than sufficient to support this increase.

1005 GF/Prgm (DGF) 180.4

Financial Examiner I/II for Alaska Native Claims Settlement Act Filings and Support	19GovAdj	Inc	103.4	88.4	0.0	15.0	0.0	0.0	0.0	0.0	1	0	0
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The Division of Banking and Securities (DBS) is required to receive various proxy-related filings from Alaska Native Claims Settlement Act (ANCSA) corporations and shareholders per AS 45.55.139. ANCSA, passed in 1971 and amended in 1988, exempted ANCSA corporations and securities from federal securities laws. Accordingly, DBS is the only regulatory agency or consumer protection agency with oversight of or involvement with these filings. The filings, reports, proxy solicitations and statements are significant because they can be used to influence the board elections, management direction, and ultimately the financial profitability of Alaska's regional and village Native corporations through election-related balloting.

A Financial Examiner I/II is needed to maintain service levels for ANCSA filings and requests for information. Overall ANCSA candidate and corporate filings increased over 300% in FY2017 - from 399 in FY2016 to 1,212 in FY2017. Some filings are received electronically, allowing for nearly immediate upload to the public database. Others must be scanned, named, and uploaded. Staff processes each filing to make it accessible as soon as practical for public review because of the typically tight timelines between a filing and a scheduled election.

Requests for investigation because of alleged untrue or misleading information (AS 45.55.160) have increased 62% over the last year - from 29 to 47 - following substantial increases over the last several years. This is the most common reason for a request for investigation. Per 3 AAC 08.360(e) adopted in 2011, DBS must advise whether an investigation will be opened or declined within 10 days. The investigation must be completed as quickly and thoroughly as possible in order to avoid contested election results that may affect an ANCSA corporation's governance, financial or economic situation. When an order is issued on other than a consent basis, an aggrieved party may request a hearing through the Office of Administrative Hearings, further increasing the need for DBS staff time. The volume of filings and complaints is anticipated to continue at these higher levels.

Due to the significant growth in ANCSA filings and their time-sensitive nature, DBS has temporarily redirected existing examiners to ANCSA filings. However, redirection results in decreased examination of and consumer protection in other licensed areas: mortgage lending; money service businesses; payday lenders; broker-dealers and salespersons; investment advisors and representatives; securities offerings; small loan companies; premium finance companies; and state chartered depositories. The Financial Examiner position will allow DBS to maintain service levels in the division's other licensed areas and manage the incoming ANCSA workload.

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Banking and Securities (continued)													
Banking and Securities (continued)													
Financial Examiner I/II for Alaska Native Claims Settlement Act Filings and Support (continued)													
The division started assessing fees to ANCSA corporations midway through FY2016 to help cover the cost of regulation. Annual receipt collections are sufficient to fully fund this position. In FY2017 (the first full year of fee assessment), \$173.2 was collected from ANCSA corporations.													
	1005 GF/Prgm (DGF)	103.4											
	* Allocation Difference *		283.8	88.4	0.0	195.4	0.0	0.0	0.0	0.0	1	0	0
	** Appropriation Difference **		283.8	88.4	0.0	195.4	0.0	0.0	0.0	0.0	1	0	0
Investments													
Investments													
	Delete Community Quota Revolving Loan Fund Authority due to Fund Sunset June 30, 2017	19GovAdj Dec	-38.3	-26.6	-0.6	-10.6	-0.4	-0.1	0.0	0.0	0	0	0
The Community Quota Revolving Loan Fund sunset on June 30, 2017. Previously this authority was used for loan operations in the division. However, few loans were issued from this fund, and continued administration of those loans will occur under the Commercial Fishing Revolving Loan Fund under the Commercial Fishing Loan Act (AS 16.10).													
	1225 CQuota RLF (DGF)	-38.3											
	Reduce Uncollectible Inter-Agency Receipt Authority	19GovAdj Dec	-29.6	0.0	0.0	-29.6	0.0	0.0	0.0	0.0	0	0	0
Inter-agency receipt authority in the Investments component has not been used in recent years, and can be deleted.													
	1007 I/A Rcpts (Other)	-29.6											
	* Allocation Difference *		-67.9	-26.6	-0.6	-40.2	-0.4	-0.1	0.0	0.0	0	0	0
	** Appropriation Difference **		-67.9	-26.6	-0.6	-40.2	-0.4	-0.1	0.0	0.0	0	0	0
Insurance Operations													
Alaska Reinsurance Program													
	L Federal Receipts for Reinsurance Program (FY19 through FY23)	19GovAdj MultiYr	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
The amount of federal receipts received for the reinsurance program under AS 21.55 during the fiscal year ending June 30, 2019, is appropriated to the Department of Commerce, Community, and Economic Development, division of insurance, for the reinsurance program under AS 21.55 for the fiscal years ending June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023.													
Federal receipts received by the division cover the costs of the Alaska Reinsurance program. Federal contributions vary annually, and will be set based upon the annual "savings" to the federal government (the amount that they would not pay in premium subsidies). State contributions are anticipated to be the difference between the federal contribution and the actual program cost.													
	* Allocation Difference *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	** Appropriation Difference **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

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Alcohol and Marijuana Control Office													
Alcohol and Marijuana Control Office													
Restore Funding for Marijuana Regulation	19GovAdj	Inc0TI	1,574.4	610.5	73.0	756.4	134.5	0.0	0.0	0.0	0	0	0
Funding for implementation of marijuana regulation activities was appropriated via a multi-year operating appropriation for FY2015 and FY2016. In FY2017, marijuana regulation was funded by \$100.0 general fund program receipts and \$1,474.4 general fund authority as one-time items. The transition towards funding more marijuana regulation with licensing receipts continued in FY2018: \$525.4 general fund program receipts complemented \$1,049.0 in general funds. As licensing receipts are reliably received, general fund authority will be replaced with program receipt authority to minimize state support of the program. AMCO is anticipated to be fully self-supported by program receipts by FY2020.													
In FY2019, two-thirds of original program costs will be funded by license receipts.													
1004 Gen Fund (UGF)			525.4										
1005 GF/Prgm (DGF)			1,049.0										
* Allocation Difference *			1,574.4	610.5	73.0	756.4	134.5	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			1,574.4	610.5	73.0	756.4	134.5	0.0	0.0	0.0	0	0	0

Alaska Gasline Development Corporation													
Alaska Gasline Development Corporation													
Reflect Consolidated Alaska Gasline Development Corporation Funding	19GovAdj	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
The Alaska Gasline Development Corporation (AGDC) assumed leadership of the Alaska Liquefied Natural Gas (LNG) project in January 2017 for the development of the natural gas infrastructure required to move gas from the North Slope to Cook Inlet. This project will unlock Alaska's stranded natural gas reserves, provide energy and jobs to Alaska, and fund state government through major gas sales.													
The Governor issued Administrative Order 274 directing AGDC to ensure work on the Alaska Stand Alone Pipeline Project will also benefit the Alaska LNG Project. At the conclusion of FY2018 it will no longer be necessary to have two separate funds: 1229 Alaska Gasline Development Corporation -- Instate Pipeline (AGDC-ISP) and 1235 Alaska Gasline Development Corporation -- Liquefied Natural Gas (AGDC-LNG). Moving the balance of fund 1229 AGDC-ISP into fund 1235 AGDC-LNG will streamline AGDC's administrative and budget processes and match the Governor's direction. Keeping the cost of all activities including administrative to a minimum contributes to the positive economics of this project.													
This transfer removes budgeted authority from the In-State Natural Gas Pipeline Fund, and replaces it with budgeted authority from the Liquefied Natural Gas Fund.													
1229 AGDC-ISP (Other)			-6,231.6										
1235 AGDC-LNG (Other)			6,231.6										
* Allocation Difference *			0.0	0	0	0							
** Appropriation Difference **			0.0	0	0	0							

Alaska Energy Authority													
Alaska Energy Authority Rural Energy Assistance													
Rural Alaska Energy Needs and Infrastructure	19GovAdj	Inc	750.0	0.0	0.0	750.0	0.0	0.0	0.0	0.0	0	0	0
The Alaska Energy Authority (AEA) has been aggressively seeking alternative funding sources for critical program													

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Alaska Energy Authority (continued)

Alaska Energy Authority Rural Energy Assistance (continued)

Rural Alaska Energy Needs and Infrastructure
(continued)

and project areas, including from federal agencies. AEA is currently finalizing a collaborative Memorandum of Understanding (MOU) with the Denali Commission, the Department of Energy Office of Indian Energy, and the United States Department of Agriculture Rural Utility Service that is intended to strategically align the different agencies' investments in rural Alaska energy needs and infrastructure, particularly those related to facility maintenance to protect existing capital infrastructure.

An anticipated outcome of this MOU, as well as the recently revised and signed separate MOU between AEA and the Denali Commission, will be an increase in federal funding to assist AEA in meeting rural community energy needs, including technical assistance and operator training. For FY2019, AEA estimates this assistance at \$750.0, which will help supplement the prior loss of state funds. Further negotiation is needed to finalize the level of and the compliant use of federal funds that will be made available.

Language from the MOU includes the following:

"The Parties desire to work together to ensure the efficient, effective and economical delivery of federal resources to address Alaska energy needs. The Parties recognize that in a time of limited State and Federal funding there is value in having a common Federal approach and coordinating investments and policies with AEA in their capacity as the Alaska State Energy Office. This includes coordinating investments towards high need programs, projects and activities with a time horizon of several years in the future."

Additionally, AEA has a separate, standing MOU with the Denali Commission regarding energy programs, projects and activities for rural energy infrastructure (e.g. rural power system and bulk fuel upgrades); this is the MOU that allows for funding to be directed to AEA for rural energy capital projects. This agreement was recently updated as a demonstration of good faith of the Denali Commission's continuing support of AEA and to reflect recent operational changes at AEA such as the increased emphasis on more strategic use of limited federal and State funding, and a project selection process that includes a determination of need based on energy safety, security, reliability, affordability and security. These changes in project selection are precipitated by the State budget restrictions and decreased federal grant dollars, are supported by the data-driven, research-based recommendations in the Alaska Affordable Energy Strategy, and align with the priorities of the three federal agencies' programs that support rural Alaska energy needs.

1002 Fed Rcpts (Fed) 750.0

* Allocation Difference *			750.0	0.0	0.0	750.0	0.0	0.0	0.0	0.0	0	0	0
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Alaska Energy Authority Power Cost Equalization

L Reverse Power Cost Equalization and Endowment Funding for FY2018	19GovAdj	OTI	-37,855.0	0.0	0.0	-355.0	0.0	0.0	-37,500.0	0.0	0	0	0
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Reverse FY2018 Power Cost Equalization (PCE) program costs.

1169 PCE Endow (DGF) -37,855.0

L Restore Power Cost Equalization and Endowment Funding for FY2019	19GovAdj	IncM	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0
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The Power Cost Equalization (PCE) program provides economic assistance to communities and residents in rural areas, where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. The program was created to equalize power cost per kilowatt-hour (kWh) statewide at a cost close to or

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Alaska Energy Authority (continued)													
Alaska Energy Authority Power Cost Equalization (continued)													
Restore Power Cost Equalization and Endowment Funding for FY2019 (continued)													
equal to the mean of the cost per kWh in Anchorage, Fairbanks, and Juneau. PCE is a core element underlying the financial viability of centralized power generation in rural communities.													
Under Alaska Statutes 42.45.100-170, the Regulatory Commission of Alaska determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. The Alaska Energy Authority determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.													
Power Cost Equalization program payments are expected to decline in FY2019 because of lower fuel costs. Program costs are also impacted by the "PCE floor" calculated by the RCA. In FY2017, because of increases in the cost of power in urban Alaska, the PCE floor was raised, reducing the number of communities eligible for residential reimbursement and lowering the overall cost of the program. At this time, AEA does not expect the program payments to exceed \$32 million in FY2019. However, changing factors can cause this estimate to be higher or lower than actual costs.													
1169 PCE Endow (DGF) 32,355.0													
* Allocation Difference *			-5,500.0	0.0	0.0	0.0	0.0	0.0	-5,500.0	0.0	0	0	0
** Appropriation Difference **			-4,750.0	0.0	0.0	750.0	0.0	0.0	-5,500.0	0.0	0	0	0
Alaska Industrial Development and Export Authority													
Alaska Industrial Development and Export Authority													
Reduce Uncollectible Inter-Agency Receipt Authority from the Alaska Energy Authority													
19GovAdj Dec -661.5 0.0 0.0 -661.5 0.0 0.0 0.0 0.0 0.0 0 0 0													
In FY2018 Management Plan, four positions housed in the Alaska Industrial Development and Export Authority that provided support to the Alaska Energy Authority were deleted. As a result, \$661.5 of inter-agency receipt authority will not be collected, and was moved to the services line. In FY2019, this authority is not needed and can be deleted.													
1007 I/A Rcpts (Other) -661.5													
Delete Vacant Alaska Energy Authority Positions (08-0232, 08-0407, 08-0479, 21-7011)													
19GovAdj Dec -542.0 -542.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 -4 0 0													
AEA budget reductions required AEA to reduce staff size to meet funding levels. In July 2017, three employees were laid off due to FY2018 funding constraints. Job duties have been reallocated to existing staff where possible.													
08-0232 - Hydro Program/Project Manager, range 25, located in Anchorage													
08-0407 - Assistant Executive Director/ Energy Policy Director, range 27, located in Anchorage													
08-0479 - Rural Electric Utility Worker, range 20, located in Anchorage													
21-7011 - Project Controls Specialist, range 17, located in Anchorage													
1007 I/A Rcpts (Other) -542.0													
* Allocation Difference *			-1,203.5	-542.0	0.0	-661.5	0.0	0.0	0.0	0.0	-4	0	0
** Appropriation Difference **			-1,203.5	-542.0	0.0	-661.5	0.0	0.0	0.0	0.0	-4	0	0

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Alaska Seafood Marketing Institute													
Alaska Seafood Marketing Institute													
Complete Seafood Marketing Transition to Industry Contributions	19GovAdj	Dec	-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
<p>The Alaska Seafood Marketing Institute (ASMI) is primarily funded by statutory designated program receipt authority collected from fish processors under AS 16.21.120, the Seafood Marketing Assessment. In FY2018, half of the general fund authority was replaced with industry receipts to allow program operations to continue at the same level as the prior year. In FY2019, the remaining \$1,000.0 general fund authority is removed.</p> <p>Intent language in the FY2017 budget (Chapter 3 4SSLA 2016 (HB256)) directed the ASMI Board to develop a plan to phase out reliance on unrestricted general fund authority for seafood marketing by FY2019. Seafood marketing will receive no general fund support in FY2019.</p> <p>There will be a decrease to spending across all programs in ASMI. This includes reduced consumer outreach and advertising; fewer retail and foodservice promotions and reduced technical support for the seafood industry. ASMI will have reduced ability to match federal grants, which may reduce federal funding in the future.</p>													
1003 G/F Match (UGF)			-1,000.0										
* Allocation Difference *			-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			-1,000.0	0.0	0.0	-1,000.0	0.0	0.0	0.0	0.0	0	0	0
*** Agency Difference ***			-5,163.2	130.3	72.4	0.1	134.1	-0.1	-5,500.0	0.0	-3	0	0
**** All Agencies Difference ****			-5,163.2	130.3	72.4	0.1	134.1	-0.1	-5,500.0	0.0	-3	0	0

Column Definitions

19Adj Base (FY19 Adjusted Base) - FY18 Management Plan less one-time items, plus FY19 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY19 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

19GovAdj (FY19 Governor w/LFD Adjust) - FY19 Governor's Request with LFD Adjustments for proposed legislation and budget actions that require a supermajority vote.