

**DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT  
FY17 - Increment Status**

**Governor's Budget Items Approved as Requested**

Item #	Approp/Allocation	Description	Amount/Fund Source	FY17 CC Book Comment	GF Dec?	LFD Question	Agency Comments
1	Alcohol and Marijuana Control Office/ Alcohol and Marijuana Control Office	Local Option Education and Compliance Outreach	\$173.2 GF/ Program Receipts (DGF)  <b>1 PFT Position</b>	The legislature approved the Governor's request for a new Local Government Specialist IV position. The position will create, conduct, and manage an educational outreach program regarding local options, local governing body control procedures, zoning, licensing, and compliance with Alaska's alcohol regulations, laws, and statutes. The first year will be focused on existing liquor licensing, statutes, regulations and revisions proposed in the Title 04 Reform effort and will be funded through alcohol license fees collected from regulated entities. As receipts from marijuana license fees become available, and as marijuana statutes and regulations are adopted, the position will also work on marijuana outreach and compliance.	No	Has the new position been hired? If not, when is it anticipated the position will be filled?	The Local Government Specialist IV position is filled.

**Governor's Budget Items Approved with Modifications**

Item #	Approp/Allocation	Description	Gov Request	Amount Approved	FY17 CC Book Comment	GF Dec?	LFD Question	Agency Comments
2	Corporations, Business and Professional Licensing/ Corporations, Business and Professional Licensing	Occupational Licensing Examiners for Increased Licensing	\$264.3 Receipt Supported Services (DGF)  <b>3 PFT Positions</b>	\$175.3 Receipt Supported Services (DGF)  <b>2 PFT Positions</b>  <b>IncOTI</b>	During the 2015 legislative session, three new licensing programs (Massage Therapy, Behavior Analysts and Athletic Trainers) were established and one existing program (Construction Contractors) was significantly expanded to include mandatory licensure of handymen. Professional Licensing requested three new Licensing Examiner positions to meet the increased workload and avoid backlogs. The legislature approved two new positions and funding as a one-time increment. Professional licensing programs are funded through receipts. Licensing fees for each program are set per AS 08.01.065, so revenue collected approximately equals the regulatory costs.	Potential reduction of DGF for one position (half year).	Have the 2 new positions been hired? If not, when is it anticipated the positions will be filled?	One of the two positions is filled. The division is in active recruitment for the remaining position, and anticipates hire in January 2017. During the period these positions were being established and recruited, the division used non-permanent Occupational Licensing Examiners to meet on-going licensing demands.
3	Alcohol and Marijuana Control Office/ Alcohol and Marijuana Control Office	Regulation of Marijuana	\$1,574.4 UGF  <b>IncOTI</b>	\$1,574.4 Total  \$1,474.4 UGF \$100.0 GF/PR (DGF)  <b>IncOTI</b>	Funding for implementation of marijuana regulation activities was appropriated via a multi-year operating appropriation for FY15 and FY16. The Governor's request continued UGF funding for the agency through FY17, at the same level appropriated in FY16. The collection of marijuana licensing program receipts will begin in FY17, but the amount and timing of receipts is not yet known. The legislature changed \$100.0 of funding to program receipts in anticipation of a small amount of marijuana licensing program receipts being collected in FY17. The Department anticipates that the Alcohol and Marijuana Control Office will be fully self-supported by FY20. As receipts are reliably received, general funds will be replaced with program receipts to minimize state support of the program.	No	How much GF/PR has been collected in FY17 (through December 31st)?  Have the 4 positions been hired? If not, when will the positions be filled?	For the period of July 1, 2016 through December 31, 2016, a total of \$551.8 was collected for marijuana activities. Of those receipts: - \$99.1 was collected for marijuana applications. Half of marijuana application revenue has been or is anticipated to be refunded to local governments per AS 17.38.200(d). - \$10.5 was collected for marijuana background checks. These funds are passed through to the Department of Public Safety via a reimbursable services agreement for fingerprinting and background checks.  The four positions added in the FY2016 budget have been filled.

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**Fiscal Notes**

Item #	Bill #	Title	Amount/Fund Source	FY17 CC Book Comment	GF Dec?	LFD Question	Agency Comments
4	HB 374 (Chapter 5, 4SSLA 2016)	Reinsurance Program; Health Insurance Waivers	\$55 million Alaska Comprehensive Health Insurance Fund (DGF)	<p><u>Insurance</u> HB 374 establishes the Alaska Comprehensive Health Insurance (ACHI) fund. In FY16, the Division of Insurance collected \$60.6 million of insurance premium tax receipts. Prior to June 30, 2016, premium tax receipts were classified as unrestricted general funds. These receipts are now deposited into the ACHI fund and classified as designated general funds.</p> <p>HB 374 also allows the legislature to appropriate the annual estimated balance of the ACHI fund to a newly established reinsurance program. The reinsurance program is anticipated to address the steep increase in premium rates in the individual health insurance market within the State. Currently, Premera Blue Cross is Alaska's sole remaining individual insurance provider. Based on historical trends and the exit of other insurance providers, rates are anticipated to continue to rise. A reinsurance program would remove a portion of high risk individuals from the pool allowing rates to stabilize. A fiscal note appropriating \$55 million to the Division of Insurance for the reinsurance program was adopted (effective in FY17).</p>	No	Can the Division of Insurance provide a status update on the reinsurance program?	The Alaska Reinsurance Program went in to effect on January 1, 2017. Regulations for the program are in place, and the Alaska Comprehensive Health Insurance Fund has been created. In the FY2018 budget request, this funding is repealed and appropriated as a multi-year item to allow the funds to be used as intended for the calendar year 2017 Reinsurance Program.
5	SB 74 (Chapter 25, SLA 2016)	Medicaid Reform; Telemedicine; Drug Database	\$563.3 Receipt Supported Services (DGF)  <b>5 PFT Positions</b>	<p><u>Corporations, Business and Professional Licensing</u> SB74 impacts professional licensing programs in two ways. It significantly changes the Prescription Drug Monitoring Program (PDMP) and the PDMP database by increasing reporting requirements, expanding access to the database, and implementing disciplinary actions related to registration with the database.</p> <p>It also expands telehealth in the practices of social workers, professional counselors, psychologists, psychological associates, marital and family therapists, audiologists, speech-language pathologists, speech language pathologist assistants, physical therapists, and occupational therapists. These professions do not have prescriptive authority so investigative concerns are not as high but the licensing workload is anticipated to increase dramatically.</p> <p>Additional receipt authority was approved to cover the costs of five new PFT positions (one Program Coordinator, two Occupational Licensing Examiners, and two Investigator III's), travel for the Program Coordinator, department wide services support for the new positions, legal costs to amend regulations, printing and postage in the first year.</p> <p>The PDMP is currently funded through a federal grant through a Reimbursable Services Agreement (RSA) with the Department of Health and Social Services (DHSS). The Department is seeking additional federal grant funding in collaboration with DHSS. In the absence of federal grant funds, the cost will be paid by fees charged to registrants within the PDMP.</p>	Potential reduction of DGF for one position (half year).	Have the 5 new positions been hired? If not, when is it anticipated the positions will be filled?	Four of these five positions are currently filled. The division is in active recruitment for the remaining position, and anticipates hire in January 2017.