



29th Alaska State Legislature
House Finance Budget Subcommittee
Dept. of Commerce, Community & Economic Development
FY2016 Operating Budget

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Members:

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Capitol Room 204
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Rep. Cathy Tilton
Capitol Room 411
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Rep. Ben Nageak
Capitol Room 126
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Rep. David Talerico
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Rep. Sam Kito, III
Capitol Room 422
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Capitol Room 426
465-3732

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DEPARTMENT OF COMMERCE, COMMUNITY
AND ECONOMIC DEVELOPMENT
FY2016 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
FEBRUARY 25, 2015

SUBCOMMITTEE MEMBERS

Rep. Lance Pruitt, Chair

Rep. Charisse Millett
Rep. Cathy Tilton
Rep. Benjamin Nageak
Rep. David Talerico
Rep. Sam Kito, III
Rep. Jonathan Kreiss-Tomkins

RECOMMENDATIONS

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development submits a recommended operating budget for FY2016 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)	
Unrestricted General Funds (UGF)	\$27,771.4
Designated General Funds (DGF)	42,423.5
Other Funds	67,553.8
Federal Funds	<u>19,871.8</u>
Total	\$157,560.5

The Unrestricted General Fund difference from the FY2016 Governor's amended budget to the House Subcommittee budget recommendation is a reduction of \$7,778.0, which is a negative 21.9 percent change.

BUDGET ACTION

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development held six meetings with the Department. The Subcommittee reviewed the 2016 fiscal year budget request and took the following actions:

Accepts the Governor's amended proposal, and makes certain additions, modifications and deletions. Highlights of the subcommittee's recommended budget for DCCED include the following:

- **Alaska Seafood Marketing Institute – Total reduction to funding: \$2,883.6 (UGF)**
The reduction to Alaska Seafood Marketing activities represents a 39.05 percent reduction to Unrestricted General Funds from FY15 Management Plan.
- **Tourism Marketing – Total reduction to funding: \$5,935.6 (UGF)**
The reduction to Tourism Marketing activities represents a 39.05 percent reduction to Unrestricted General Funds from FY15 Management Plan.
- **Tourism Marketing – Moved to a separate appropriation**
Tourism Marketing was previously housed under the Division of Economic Development, and the subcommittee has decided to move it to a separate appropriation.
- **Reductions to Named Recipient Grants**
The Governor's FY2016 budget lists 8 grants to named recipients. The subcommittee has chosen to fund only four of these (Kawerak, Alaska Marine Safety Education Association, Medallion Foundation and Alaska Legal Services).
- **Elimination of Certain Vacant Positions**
The subcommittee has identified 19 vacant positions for elimination, most of which have been vacant for 6 to 36 months.
- **Department-Wide Travel Reduction**
The subcommittee recommends a ten percent reduction to departmental travel funded by Unrestricted and Designated General Fund sources, for a total decrement of \$67.3 UGF and 94.2 DGF.

ADDED

1. Alaska Energy Authority (AEA) – Create Alaska Rural Energy Assistance

The Alaska Energy Authority has requested that the Technical Assistance and Rural Energy Assistance programs be combined into a new program called the Alaska Rural Energy Assistance for increased efficiency and coordination.

2. Alaska Seafood Marketing Institute – Replace Unrestricted General Fund with Statutory Designated Program Receipts: (\$1,670.6) UGF replaced by \$1,670.6 DGF

This is a fund source change that allows the Alaska Seafood Marketing Institute to replace Unrestricted General Fund reduction with Statutory Designated Program Receipts to meet their budgetary objectives for the upcoming fiscal year.

3. Alaska Seafood Marketing Institute – Amended Carryforward and Intent Language

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2015 of the statutory designated program receipts from the seafood marketing assessment (AS 16.51.120) and other statutory designated program receipts of the Alaska Seafood Marketing Institute.

4. Corporations, Business and Professional Licensing – Added Intent Language

It is the intent of the legislature that the Department of Commerce, Community and Economic Development set license fees approximately equal to the cost of regulation per AS 08.01.065(c). Further, it is the intent of the legislature that the Department of commerce, Community and Economic Development annually submit, by November 1st, a six year report to the legislature in a template developed by Legislative Finance Division. The report is to include at least the following information for each licensing board: revenues from license fees; revenues from other sources; expenditures by line item, including separate reporting for investigative costs, administrative costs, departmental and other cost allocation plans; number of licensees; carryforward balance; and potential license fee changes based on statistical analysis.

5. Corporations, Business and Professional Licensing – Amended Carryforward Language

The amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2015, of receipts collected under AS 08.01.065(a), (c) and (f)-(i).

6. Corporations, Business and Professional Licensing – Delete Inter-Agency Receipt Authority: (\$85.0) Other

The subcommittee has chosen to delete inter-agency receipt authority for the Prescription Drug Database Reimbursable Services Agreement with the Department of Health and Social Services.

7. Corporations, Business and Professional Licensing – Added Intent Language

It is the intent of the legislature that the Department of Commerce, Community and Economic Development develop a standardized methodology for fee setting to ensure that fees collected by each licensing program approximately equal the cost of regulating that profession as required by AS 08.01.065. The methodology should include a plan for the collection of deficit carryforward balances for each professional licensing program. If, during the development of a standardized methodology, the department determines that current statutes offer insufficient guidance, the department shall propose statutory changes by January 31, 2016. The department shall provide the standardized methodology or a

letter to the Chairs of the Finance Committees with the department's plan to revise statutes by November 1, 2015.

- 8. Economic Development – Reduce Special Vehicle Receipts: (\$5.4) DGF**
Vehicle rental tax receipt authority is reduced to match the actual collections that occurred during the 2014 Fiscal Year.
- 9. Economic Development – Transfer Tourism Marketing funding and positions from Economic Development to New Tourism Marketing Appropriation: \$12,335.6 UGF, \$2,700.0 SDPR**
The subcommittee recommends moving Tourism Marketing funding to a new Tourism Marketing appropriation, distinct from the Division of Economic Development.
- 10. Economic Development – Delete 1 Position for Film Promotion: (\$124.2) UGF**
The subcommittee recommends the deletion of a position related to film promotion due to the elimination of related program funding in the Department of Revenue.
- 11. Tourism Marketing – Reduce Tourism Marketing funding: (\$3,071.2) UGF**
The subcommittee recommends a decrement in funding to Tourism Marketing activities, equivalent to 39.05 percent of their Unrestricted General Funds, bringing the total Unrestrictive General Funds for Tourism Marketing to \$9,264.4.

MODIFIED

- 1. Community & Regional Affairs – Reduce Alaska Legal Services Named Recipient Grant: \$350.0 UGF**
The named recipient grant to Alaska Legal Services is reduced by \$200.0 UGF, reducing the grant from \$550.0 UGF to \$350.0 UGF

DENIED

- 1. Alcoholic Beverage Control Board – Creation of the Marijuana Control Board: \$1,574.4 (UGF)**
The subcommittee recommends that funding for the creation of a Marijuana Control Board be established through legislation and a fiscal note.
- 2. Community and Regional Affairs – Restore Named Recipient Grant to Ilisagvik College to the FY2015 funding level: \$300.0 (UGF)**
The subcommittee has determined that funding will not be available for this named recipient grant.
- 3. Community and Regional Affairs – Restore Named Recipient Grant to Bering Sea Fishermen's Association to the FY2015 Funding Level: \$187.5 (UGF)**
The subcommittee has determined that funding will not be available for this named recipient grant.
- 4. Community and Regional Affairs – Named Recipient Grant to Marine Exchange of Alaska: \$600 (Other)**
The subcommittee has determined that funding will not be available for this named recipient grant.

5. Economic Development – Restore Named Recipient Grant for Alaska Native Arts Marketing to the FY2015 funding level: \$300.0 (UGF)

The subcommittee has determined that funding will not be available for this named recipient grant.

ATTACHED REPORTS

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development adopts the attached reports:

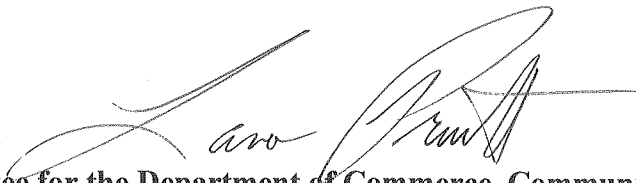
Subcommittee generated reports

Budget Action Worksheet

Legislative Finance Division reports – House Structure

1. Agency Totals – FY2016 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)
4. Transaction Comparison between ADJ Base and H Subcom
5. Transaction Comparison between Gov Amd and H Subcom
6. Wordage Report – FY2016 Operating Budget

Representative Lance Pruitt, Chair
House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development
February 25, 2015

A handwritten signature in black ink, appearing to read "Lance Pruitt", is written over the printed name and title of the representative.