

## Senate Finance Subcommittee

**Senator Thomas**  
**Members**  
**Subcommittee Chair**  
**Room 510, Capitol Building**  
**Phone 465-2327**



**Subcommittee**

Sen. Albert Kookesh *AK*  
 Sen. Linda Menard

### Department of Commerce, Community and Economic Development Recommendations

The Senate Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development submits an operating budget to the Senate Finance Committee as follows:

#### **Fund Source**

	<u>FY09 Mgt Plan Rev</u>	<u>FY10 Gov Amd+</u>	<u>FY10 Senate</u>	<u>Gov to Senate</u>
General Fund	14,997.9	19,495.2	19,361.9	-133.3
Federal	55,091.9	64,592.7	64,592.7	0
Other	102,148.8	103,920.1	71,893.4	-32,026.7

#### **Personnel**

PFT	521	525	525	0
PPT	2	2	2	0
Temp	16	12	12	0

#### **Budget Action**

The Subcommittee held five meetings and took the actions reflected in the attached Legislative Finance Division reports.

The Subcommittee adopted the FY 10 Adjusted base, and then accepted the increments, decrements, fund source changes and wordage in the Governor's Amended budget, with the adjustments mentioned below.

The most significant items in the Governor's request are:

- Increments to allow agencies to pay for increased core services charges by other departments and for revisions to the department's internal cost allocation plan.
- Continuation of FY09 funding for the Legal Services Corporation and two grant administrators in the Division of Community and Regional Affairs. These were one-time items in FY09 and are included as increments in the FY 10 budget.
- Continuation of funding for the Alaska Energy Authority's executive director and program managers with General Funds. In FY09, these positions were funded from a capital project entitled "Alaska Energy Authority Projects and Development of a Statewide Energy Plan." The Subcommittee believes the AEA executive director and program management are operating budget activities, and that billing them to capital projects creates legal and administrative difficulties.
- A 57.7 increase in AIDEA funding for the Alaska Regional Development Organizations (ARDORS) to provide for a newly created ARDOR.
- A substantial increase in anticipated federal funding for local communities through Payment in Lieu of Taxes and National Forest Receipts. The Payment in Lieu of Taxes increment is 3,673.4 and the National Forest Receipts increment is 6,300.0.
- Replacement of 1,878.0 of the Alaska Seafood Marketing Institute's uncollectable federal funds and program receipts with General Funds.

The Subcommittee did not accept the Governor's request to substitute General Funds for 1,971.3 in Business License Receipts that funded the Division of Community and Regional Affairs. The amount of Business License Receipts collected in FY10 will decline substantially due to the reduction in the license fee. The Subcommittee restored DCRA program funding with 1,838 in General Funds and 133.3 in Business License Receipts. The Subcommittee anticipates that the use of 133.3 in Business License Receipts will leave the department with approximately 400.0 of receipts to cover the budget in case license revenue declines due to the economic downturn. Business License revenue is historically volatile, and the Subcommittee believes it would be unwise to provide a cushion of less than 400.0.

The Subcommittee recommends full funding of Power Cost Equalization, but supports elimination of the PCE Capitalization Fund as an intermediate step in the flow of funds from the PCE Endowment and the General Fund, to the department for distribution to utilities. The Subcommittee concurs with the House recommendation to route PCE funds directly to the department.

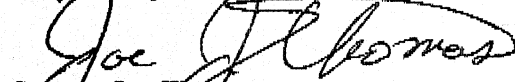
Finally, the Subcommittee recommends that the Governor's requested wordage be amended to remove old legislative intent that directed the Alaska Aerospace Development Corporation to fully pay its portion of core services and department cost allocations. This issue has been resolved.

**Documents attached:**

**Legislative Finance Reports**

1. Agency Totals - FY10 Operating Budget-Senate Structure
2. Allocation Summary - General Funds - Senate Structure
3. Allocation Summary - All Funds - Senate Structure
4. Transaction Comparison - Senate Structure (Adj Base and Senate Subcom)
5. Transaction Comparison - Senate Structure (Gov. Amd+ and Senate Subcom)
6. Wordage Report - FY10 Operating Budget - Senate Structure
7. Transaction Comparison (House and Senate Subcom)

Respectfully submitted,



Senator Joe Thomas  
Senate Subcommittee Chair  
March 23, 2009