

Alaska House of Representatives

Rep. Mia Costello, Chair
Alaska State Capitol, Room 412
Juneau, AK 99801

Phone: (907) 465-4968
Fax: (907) 465-4020



Members:
Rep. Alan Austerman
Rep. Bob Herron
Rep. Cathy Muñoz
Rep. Dan Saddler
Rep. Bob Miller
Rep. Chris Tuck

House Finance Subcommittee Department of Commerce, Community & Economic Development

FY 2012 HOUSE FINANCE BUDGET SUBCOMMITTEE NARRATIVE REPORT

SUBCOMMITTEE MEMBERS:

Rep. Mia Costello, Chair
Rep. Miller
Rep. Tuck

Rep. Austerman
Rep. Muñoz

Rep. Herron
Rep. Saddler

RECOMMENDATIONS:

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development submits a recommended operating budget for FY2012 to the House Finance Committee as follows:

Unrestricted General Funds (UGF)	\$	38,655.3	(dollars in thousands)
Designated General Funds (DGF)		70,941.4	
Other Funds		31,580.6	
Federal Funds		63,482.7	
Total	\$	204,660.0	

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development held 8 meetings with the Department and analyzed all of the Governor's budget transactions. The following are budget action highlights:

- The Subcommittee recommends authorizing \$200.0 more general funds and the same number of full-time positions as the Governor's Amended FY2012 request.

- The Subcommittee recommends a total increase from the FY2012 Adjusted Base of \$6,637.4 UGF and a total decrease from the FY2012 Adjusted Base of \$1,337.2 DGF for a total General Fund change of \$5,300.2. The change from Adjusted Base in Other Funds is \$907.0 and from Federal Funds is (\$1,799.8). The total change from Adjusted Base is \$4,407.4 and 1 full-time position and 2 temporary positions.

Accepted

1. Economic Development, Increase to strengthen Economic Development function; 363.2 GF

These funds will be used to broaden DED's focus beyond certain specific industries and allow DED to expand its engagement with the business community. It will also enable DED to branch out beyond regional efforts and shape a cohesive statewide effort to stimulate the economy.

2. Qualified Trade Association Contract, Maintain FY2011 Funding for Tourism Contract; 1,464.5 Vehicle Rental Tax, 3,018.2 Commercial Passenger Vehicle Tax, and 1,817.3 Gamble Tax

The Qualified Trade Association Contract provides for a marketing campaign promoting Alaska as a travel destination. Because Alaska competes globally for a share of the visitor market, the tourism industry in Alaska is strengthened by investment in marketing the state. The Governor's original request included \$3,018.2 from the Commercial Passenger Vehicle Tax. This funding source was changed in an amendment to GF. See Amendment Action 1.

3. Revenue Sharing - National Forest Receipts, Reduce National Forest Receipt authorization to reflect the decrease in anticipated revenue; (2,077.5) Federal Receipts

Reduces federal receipt authority to reflect lower National Forest Receipts.

Denied

1. Executive Administration - Commissioner's Office, Increase Interagency Authority for transfer of PCN 08-X020, Communications Coordinator; 140.0 I/A Receipts

The intent of the subcommittee is to minimize /reduce growth or expansion of new programs.

2. Executive Administration – Administrative Services, Increase Interagency Authority for transfer of Information Technology Positions; 320.0 I/A Receipts

The intent of the subcommittee is to minimize /reduce growth or expansion of new programs.

3. Economic Development, Funding for Alaska Native Arts Marketing Grant; 400.0 GF

This grant is a grant to a named recipient, and therefore properly belongs in the capital budget rather than the operating budget.

4. Community and Regional Affairs, Delete base funding appropriated as a grant in FY11 for Iisagvik College for workforce development programs; (600.0) GF

This program provides educational opportunities in the North Slope Borough, promoting a local workforce credentialed high-demand technical jobs. This decrement is denied in order to maintain current funding levels.

AMENDMENT ACTION:

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development also analyzed the Governor's budget amendments submitted by February 16, 2011, and took the following action:

Accepted

1. Qualified Trade Association Contract, Correct Tourism Marketing Fund Source; 3,018.2 GF and (3,018.2) Commercial Passenger Vehicle Tax

Accepted to resolve potential statutory issues with using the Commercial Passenger Vehicle Tax for this purpose.

ITEMS OF INTEREST:

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development, in response to concerns raised by the Legislative Finance Division, restored the separate appropriations for the Investments and Economic Development functions of the Division of Economic Development. The concern raised by the Legislative Finance Division was that funding both functions of DED under a single UGF appropriation created difficulties for the legislature with respect to fund tracking. By separating the two appropriations, the House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development resolves this issue and avoids co-mingling funds for DED's investment functions and development functions.

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 (Numbers Only) – House Structure

1. Agency Totals – FY2012 Operating Budget
2. Appropriation/Allocation Summary (All Funds)
3. Appropriation/Allocation Summary (GF)

4. Transaction Comparison between ADJ Base and H Subcomm
5. Transaction Comparison between Gov Amd and H Subcomm
6. Wordage Report – FY2012 Operating Budget

A handwritten signature in black ink, appearing to read "M. Costello". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Representative Mia Costello, Chair

House Finance Budget Subcommittee for the
Department of Commerce, Community and Economic Development

February 25, 2011