

**30<sup>TH</sup> ALASKA STATE LEGISLATURE  
HOUSE FINANCE BUDGET SUBCOMMITTEE  
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT  
FY19 OPERATING BUDGET**

**February 21, 2018**

**SUBCOMMITTEE MEMBERS:**

Rep. Guttenberg, Chair	Rep. Edgmon -	Rep. Josephson ✓
Rep. Knopp	Rep. Lincoln	Rep. Neuman ✓
Rep. Talerico	Rep. Tuck -	

**SUBCOMMITTEE MEETINGS:**

The House Finance Budget Subcommittee for the Department of Commerce, Community and Economic Development held 8 meetings with the department during the review of the FY19 budget request.

**RECOMMENDATIONS:**

The House Finance Budget Subcommittee for the Department of Commerce, Community & Economic Development recommends that the House Finance Committee accept the Governor's FY19 Amended Budget with further amendments:

The numbers only budget without amendment totals:

**Fund Source:** (dollars are in thousands)

Unrestricted General Funds (UGF)	\$10,034.3
Designated General Funds (DGF)	46,236.0
Other Funds	57,044.5
Federal Funds	21,111.5
<b>Total</b>	<b>\$134,426.3</b>

The Unrestricted General Fund difference from FY15 Management Plan to the FY19 House Finance Recommendation budget is a reduction of \$20.8 million, a decrease of 67.4 percent.

**Positions:**

Permanent Full-time	500
Permanent Part-time	0
Temporary	5
<b>Total</b>	<b>505</b>

**GOVERNOR'S AMENDMENTS:**

The Governor did not submit any amendments.

**SUBCOMMITTEE BUDGET RECOMMENDATIONS:**

The following budget amendments are submitted by the subcommittee chair to the House Finance Committee for consideration:

1. It is the intent of the legislature that every company providing advanced telecommunications capability in the State of Alaska file a report with the Regulatory Commission of Alaska. The report should include geographic information system "shapefiles" of the territory in which it offers service, and the connection speed and type of technology for each serviceable street address or land parcel to which it offers service. The Regulatory Commission of Alaska shall deliver a report summarizing broadband internet access in Alaska to the Speaker of the House, the President of the Senate, the Co-Chairs of the House Finance Committee, the Co-Chairs of the Senate Finance Committee, and the Legislative Finance Division, by December 1, 2018.

Description:

This amendment would improve the level of detail of broadband mapping in the state.

2. It is the intent of the legislature that the Regulatory Commission of Alaska recommend adoption of updated telecommunication modernization regulatory standards in AS42.05, the Alaska Public Utilities Regulatory Act, and deliver recommendations on how best to modernize outdated statutes to the House and Senate Finance Committees and to the Legislative Finance Division by February 19, 2019.

Description:

This amendment would direct the Regulatory Commission of Alaska to provide recommendations on how to best update Alaska's telecommunication regulatory standards.

**OTHER INFORMATION:**

The subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include, but are not limited to:

1. The subcommittee reviewed the Regulatory Commission of Alaska's Docket I-17-004, a legislative report on Alaska's current and future broadband coverage.
2. The subcommittee received an update on the Ambler Mining District Access Project.
3. An amendment proposal was considered that would have provided additional regulatory positions to the Regulatory Commission of Alaska.

### **SUBCOMMITTEE STATUTORY RECOMMENDATIONS**

The subcommittee made no statutory recommendations.

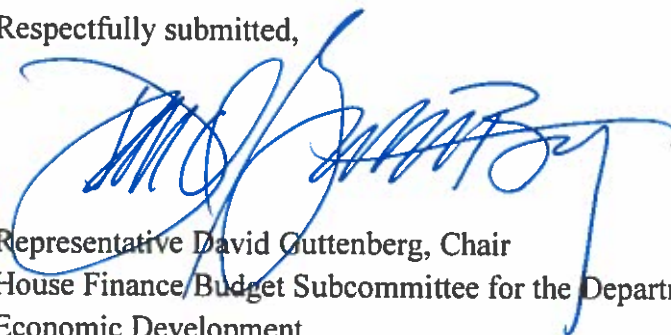
### **ATTACHED REPORTS (House Structure, Numbers Only):**

Allocation Summary

Multi-Year Allocation Summary

Transaction Detail – House Structure Amendments Recommended by Subcommittee

Respectfully submitted,



Representative David Guttenberg, Chair  
House Finance/Budget Subcommittee for the Department of Commerce, Community and  
Economic Development.

**2018 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

**Regulatory Commission of Alaska  
Regulatory Commission of Alaska**

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
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**H CED 1 - Broadband Mapping Requirements**

Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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Offered by Representative Guttenberg

Wordage:

It is the intent of the legislature that every company providing advanced telecommunications capability in the State of Alaska file a report with the Regulatory Commission of Alaska. The report should include geographic information system "shapefiles" of the territory in which it offers service, and the connection speed and type of technology for each serviceable street address or land parcel to which it offers service. The Regulatory Commission of Alaska shall deliver a report summarizing broadband internet access in Alaska to the Speaker of the House, the President of the Senate, the Co-Chairs of the House Finance Committee, the Co-Chairs of the Senate Finance Committee, and the Legislative Finance Division, by December 1, 2018.

Explanation:

Current mapping requirements provide information on broadband access at the census block level. These requirements do not result in accurate maps identifying where Alaskans have access and where they do not. This amendment seeks to obtain more detailed information that will result in more accurate mapping.

**H CED 2 - Telecommunications**

Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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**Modernization Standards**

Offered by Representative Guttenberg

Wordage:

It is the intent of the legislature that the Regulatory Commission of Alaska recommend adoption of updated telecommunication modernization regulatory standards in AS42.05, the Alaska Public Utilities Regulatory Act, and deliver recommendations on how best to modernize outdated statutes to the House and Senate Finance Committees and to the Legislative Finance Division by February 19, 2019.

**2018 Legislature - Operating Budget  
Transaction Detail - House Structure  
HSub Amends Column**

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
<b>Regulatory Commission of Alaska (continued)</b>												
<b>Regulatory Commission of Alaska (continued)</b>												
<b>H CED 2 - Telecommunications</b>												
Modernization Standards (continued)												
Explanation:												
Alaska's Public Utilities Regulatory Act is outdated and needs to be updated in order to address how the regulation of utilities providing telecommunications services should happen in the modern world. This amendment directs the RCA to provide the legislature with input on updating these statutes.												
<b>* Allocation Total *</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>** Appropriation Total **</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>*** Agency Total ***</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>**** All Agencies Total ****</b>		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

Agency: Department of Commerce, Community and Economic Development

<b>Allocation</b>	[1] 19GovAdj	[2] HSub Rec	[2] - [1] 19GovAdj to HSub Rec
Executive Administration			
Commissioner's Office	1,012.0	1,012.0	0.0
Administrative Services	4,942.6	4,942.6	0.0
<b>Appropriation Total</b>	<b>5,954.6</b>	<b>5,954.6</b>	<b>0.0</b>
Banking and Securities			
Banking and Securities	3,964.0	3,964.0	0.0
<b>Appropriation Total</b>	<b>3,964.0</b>	<b>3,964.0</b>	<b>0.0</b>
Community and Regional Affairs			
Community & Regional Affairs	9,468.9	9,468.9	0.0
Serve Alaska	2,132.7	2,132.7	0.0
<b>Appropriation Total</b>	<b>11,601.6</b>	<b>11,601.6</b>	<b>0.0</b>
Revenue Sharing			
Payment in Lieu of Taxes(PILT)	10,428.2	10,428.2	0.0
National Forest Receipts	600.0	600.0	0.0
Fisheries Taxes	3,100.0	3,100.0	0.0
<b>Appropriation Total</b>	<b>14,128.2</b>	<b>14,128.2</b>	<b>0.0</b>
Corp, Bus & Profess Licensing			
Corp, Bus & Prof Licensing	13,899.9	13,899.9	0.0
<b>Appropriation Total</b>	<b>13,899.9</b>	<b>13,899.9</b>	<b>0.0</b>
Economic Development			
Economic Development	1,605.1	1,605.1	0.0
<b>Appropriation Total</b>	<b>1,605.1</b>	<b>1,605.1</b>	<b>0.0</b>

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

Agency: Department of Commerce, Community and Economic Development

<b>Allocation</b>	[1] 19GovAdj	[2] HSub Rec	[2] - [1] 19GovAdj to HSub Rec
Investments			
Investments	5,259.1	5,259.1	0.0
<b>Appropriation Total</b>	<b>5,259.1</b>	<b>5,259.1</b>	<b>0.0</b>
Insurance Operations			
Alaska Reinsurance Program	0.0	0.0	0.0
Insurance Operations	7,462.5	7,462.5	0.0
<b>Appropriation Total</b>	<b>7,462.5</b>	<b>7,462.5</b>	<b>0.0</b>
Alcohol and Marijuana Control			
Alcohol and Marijuana Control	3,817.1	3,817.1	0.0
<b>Appropriation Total</b>	<b>3,817.1</b>	<b>3,817.1</b>	<b>0.0</b>
AK Gasline Development Corp			
AK Gasline Development Corp	10,386.0	10,386.0	0.0
<b>Appropriation Total</b>	<b>10,386.0</b>	<b>10,386.0</b>	<b>0.0</b>
Alaska Energy Authority			
AEA Owned Facilities	980.7	980.7	0.0
AEA Rural Energy Assistance	6,695.5	6,695.5	0.0
AEA Power Cost Equalization	32,355.0	32,355.0	0.0
Alternative Energy & Efficiency	2,000.0	2,000.0	0.0
<b>Appropriation Total</b>	<b>42,031.2</b>	<b>42,031.2</b>	<b>0.0</b>
AIDEA			
AIDEA	15,290.5	15,290.5	0.0
AIDEA Facilities Maintenance	337.0	337.0	0.0
<b>Appropriation Total</b>	<b>15,627.5</b>	<b>15,627.5</b>	<b>0.0</b>

**2018 Legislature - Operating Budget  
Allocation Summary - House Structure**

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

<b>Allocation</b>	[1] 19GovAdj	[2] HSub Rec	[2] - [1] 19GovAdj to HSub Rec
Alaska Seafood Marketing Inst			
Alaska Seafood Marketing Inst	20,569.9	20,569.9	0.0
<b>Appropriation Total</b>	<b>20,569.9</b>	<b>20,569.9</b>	<b>0.0</b>
Regulatory Commission of AK			
Regulatory Commission of AK	9,115.2	9,115.2	0.0
<b>Appropriation Total</b>	<b>9,115.2</b>	<b>9,115.2</b>	<b>0.0</b>
DCCED State Facilities Rent			
DCCED State Facilities Rent	1,359.4	1,359.4	0.0
<b>Appropriation Total</b>	<b>1,359.4</b>	<b>1,359.4</b>	<b>0.0</b>
<b>Agency Total</b>	<b>166,781.3</b>	<b>166,781.3</b>	<b>0.0</b>
Funding Summary			
Unrestricted General (UGF)	10,034.3	10,034.3	0.0
Designated General (DGF)	78,591.0	78,591.0	0.0
Other State Funds (Other)	57,044.5	57,044.5	0.0
Federal Receipts (Fed)	21,111.5	21,111.5	0.0



## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015 15MgtP1n to	[4] - [1] 2018 HSub Rec	2018 18MgtP1n to	[4] - [2] 2018 HSub Rec	2018 19GovAdj to	[4] - [3] 2018 HSub Rec
<b>Executive Administration</b>											
Commissioner's Office		1,156.9	1,012.0	1,012.0	1,012.0	-144.9	-12.5 %	0.0		0.0	
Administrative Services		5,644.0	4,929.8	4,942.6	4,942.6	-701.4	-12.4 %	12.8	0.3 %	0.0	
Executive Admin Unalloc Approp		0.0	0.0	0.0	0.0	0.0		0.0		0.0	
<b>Appropriation Total</b>		<b>6,800.9</b>	<b>5,941.8</b>	<b>5,954.6</b>	<b>5,954.6</b>	<b>-846.3</b>	<b>-12.4 %</b>	<b>12.8</b>	<b>0.2 %</b>	<b>0.0</b>	
<b>Banking and Securities</b>											
Banking and Securities		3,622.2	3,670.2	3,964.0	3,964.0	341.8	9.4 %	293.8	8.0 %	0.0	
<b>Appropriation Total</b>		<b>3,622.2</b>	<b>3,670.2</b>	<b>3,964.0</b>	<b>3,964.0</b>	<b>341.8</b>	<b>9.4 %</b>	<b>293.8</b>	<b>8.0 %</b>	<b>0.0</b>	
<b>Community and Regional Affairs</b>											
Community & Regional Affairs		11,008.9	9,498.7	9,468.9	9,468.9	-1,540.0	-14.0 %	-29.8	-0.3 %	0.0	
Serve Alaska		3,425.0	2,132.2	2,132.7	2,132.7	-1,292.3	-37.7 %	0.5		0.0	
<b>Appropriation Total</b>		<b>14,433.9</b>	<b>11,630.9</b>	<b>11,601.6</b>	<b>11,601.6</b>	<b>-2,832.3</b>	<b>-19.6 %</b>	<b>-29.3</b>	<b>-0.3 %</b>	<b>0.0</b>	
<b>Revenue Sharing</b>											
Payment in Lieu of Taxes(PILT)		10,428.2	10,428.2	10,428.2	10,428.2	0.0		0.0		0.0	
National Forest Receipts		600.0	600.0	600.0	600.0	0.0		0.0		0.0	
Fisheries Taxes		3,600.0	3,100.0	3,100.0	3,100.0	-500.0	-13.9 %	0.0		0.0	
<b>Appropriation Total</b>		<b>14,628.2</b>	<b>14,128.2</b>	<b>14,128.2</b>	<b>14,128.2</b>	<b>-500.0</b>	<b>-3.4 %</b>	<b>0.0</b>		<b>0.0</b>	
<b>Corp, Bus &amp; Profess Licensing</b>											
Corp, Bus & Prof Licensing		12,454.8	13,896.1	13,899.9	13,899.9	1,445.1	11.6 %	3.8		0.0	
<b>Appropriation Total</b>		<b>12,454.8</b>	<b>13,896.1</b>	<b>13,899.9</b>	<b>13,899.9</b>	<b>1,445.1</b>	<b>11.6 %</b>	<b>3.8</b>		<b>0.0</b>	
<b>Economic Development</b>											
Economic Development		21,589.7	1,603.9	1,605.1	1,605.1	-19,984.6	-92.6 %	1.2	0.1 %	0.0	
<b>Appropriation Total</b>		<b>21,589.7</b>	<b>1,603.9</b>	<b>1,605.1</b>	<b>1,605.1</b>	<b>-19,984.6</b>	<b>-92.6 %</b>	<b>1.2</b>	<b>0.1 %</b>	<b>0.0</b>	

## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015 15MgtP1n to	[4] - [1] 2018 HSub Rec	2018 18MgtP1n to	[4] - [2] 2018 HSub Rec	2018 19GovAdj to	[4] - [3] 2018 HSub Rec
Investments											
Investments		5,360.7	5,312.8	5,259.1	5,259.1	-101.6	-1.9 %	-53.7	-1.0 %	0.0	
<b>Appropriation Total</b>		<b>5,360.7</b>	<b>5,312.8</b>	<b>5,259.1</b>	<b>5,259.1</b>	<b>-101.6</b>	<b>-1.9 %</b>	<b>-53.7</b>	<b>-1.0 %</b>	<b>0.0</b>	
Insurance Operations											
Alaska Reinsurance Program		0.0	90,000.0	0.0	0.0	0.0		-90,000.0	-100.0 %	0.0	
Insurance Operations		7,648.3	8,037.2	7,462.5	7,462.5	-185.8	-2.4 %	-574.7	-7.2 %	0.0	
<b>Appropriation Total</b>		<b>7,648.3</b>	<b>98,037.2</b>	<b>7,462.5</b>	<b>7,462.5</b>	<b>-185.8</b>	<b>-2.4 %</b>	<b>-90,574.7</b>	<b>-92.4 %</b>	<b>0.0</b>	
Alcohol and Marijuana Control											
Alcohol and Marijuana Control		1,752.1	3,808.3	3,817.1	3,817.1	2,065.0	117.9 %	8.8	0.2 %	0.0	
<b>Appropriation Total</b>		<b>1,752.1</b>	<b>3,808.3</b>	<b>3,817.1</b>	<b>3,817.1</b>	<b>2,065.0</b>	<b>117.9 %</b>	<b>8.8</b>	<b>0.2 %</b>	<b>0.0</b>	
AK Gasline Development Corp											
Alaska LNG Participation		2,999.4	0.0	0.0	0.0	-2,999.4	-100.0 %	0.0		0.0	
AK Gasline Development Corp		10,445.1	10,386.0	10,386.0	10,386.0	-59.1	-0.6 %	0.0		0.0	
<b>Appropriation Total</b>		<b>13,444.5</b>	<b>10,386.0</b>	<b>10,386.0</b>	<b>10,386.0</b>	<b>-3,058.5</b>	<b>-22.7 %</b>	<b>0.0</b>		<b>0.0</b>	
Alaska Energy Authority											
AEA Owned Facilities		1,067.1	980.7	980.7	980.7	-86.4	-8.1 %	0.0		0.0	
AEA Rural Energy Assistance		6,277.8	5,945.5	6,695.5	6,695.5	417.7	6.7 %	750.0	12.6 %	0.0	
AEA Technical Assistance		576.7	0.0	0.0	0.0	-576.7	-100.0 %	0.0		0.0	
AEA Power Cost Equalization		41,355.0	37,855.0	32,355.0	32,355.0	-9,000.0	-21.8 %	-5,500.0	-14.5 %	0.0	
Alternative Energy & Efficiency		9,148.3	2,000.0	2,000.0	2,000.0	-7,148.3	-78.1 %	0.0		0.0	
<b>Appropriation Total</b>		<b>58,424.9</b>	<b>46,781.2</b>	<b>42,031.2</b>	<b>42,031.2</b>	<b>-16,393.7</b>	<b>-28.1 %</b>	<b>-4,750.0</b>	<b>-10.2 %</b>	<b>0.0</b>	
AIDEA											
AIDEA		17,159.9	16,494.0	15,290.5	15,290.5	-1,869.4	-10.9 %	-1,203.5	-7.3 %	0.0	
AIDEA Facilities Maintenance		262.0	337.0	337.0	337.0	75.0	28.6 %	0.0		0.0	
<b>Appropriation Total</b>		<b>17,421.9</b>	<b>16,831.0</b>	<b>15,627.5</b>	<b>15,627.5</b>	<b>-1,794.4</b>	<b>-10.3 %</b>	<b>-1,203.5</b>	<b>-7.2 %</b>	<b>0.0</b>	

## Multi-year Allocation Summary - Operating Budget - FY 2019 House Structure

**Numbers and Language**

**Agency: Department of Commerce, Community and Economic Development**

Allocation	ID=> Session=> Column=>	[1] 2015 15MgtP1n	[2] 2018 18MgtP1n	[3] 2018 19GovAdj	[4] 2018 HSub Rec	2015	[4] - [1] 2018	2018	[4] - [2] 2018	2018	[4] - [3] 2018
						15MgtP1n to	HSub Rec	18MgtP1n to	HSub Rec	19GovAdj to	HSub Rec
Alaska Seafood Marketing Inst											
Alaska Seafood Marketing Inst		26,710.1	21,569.9	20,569.9	20,569.9	-6,140.2	-23.0 %	-1,000.0	-4.6 %		0.0
<b>Appropriation Total</b>		<b>26,710.1</b>	<b>21,569.9</b>	<b>20,569.9</b>	<b>20,569.9</b>	<b>-6,140.2</b>	<b>-23.0 %</b>	<b>-1,000.0</b>	<b>-4.6 %</b>		<b>0.0</b>
Regulatory Commission of AK											
Regulatory Commission of AK		9,680.8	9,098.5	9,115.2	9,115.2	-565.6	-5.8 %	16.7	0.2 %		0.0
<b>Appropriation Total</b>		<b>9,680.8</b>	<b>9,098.5</b>	<b>9,115.2</b>	<b>9,115.2</b>	<b>-565.6</b>	<b>-5.8 %</b>	<b>16.7</b>	<b>0.2 %</b>		<b>0.0</b>
DCCED State Facilities Rent											
DCCED State Facilities Rent		1,359.4	1,359.4	1,359.4	1,359.4	0.0		0.0			0.0
<b>Appropriation Total</b>		<b>1,359.4</b>	<b>1,359.4</b>	<b>1,359.4</b>	<b>1,359.4</b>	<b>0.0</b>		<b>0.0</b>			<b>0.0</b>
<b>Agency Total</b>		<b>215,332.4</b>	<b>264,055.4</b>	<b>166,781.3</b>	<b>166,781.3</b>	<b>-48,551.1</b>	<b>-22.5 %</b>	<b>-97,274.1</b>	<b>-36.8 %</b>		<b>0.0</b>
Funding Summary											
Unrestricted General (UGF)		40,454.3	11,586.6	10,034.3	10,034.3	-30,420.0	-75.2 %	-1,552.3	-13.4 %		0.0
Designated General (DGF)		84,373.9	173,257.7	78,591.0	78,591.0	-5,782.9	-6.9 %	-94,666.7	-54.6 %		0.0
Other State Funds (Other)		68,721.8	58,264.8	57,044.5	57,044.5	-11,677.3	-17.0 %	-1,220.3	-2.1 %		0.0
Federal Receipts (Fed)		21,782.4	20,946.3	21,111.5	21,111.5	-670.9	-3.1 %	165.2	0.8 %		0.0

## Column Definitions

**15MgtPln (FY15 Management Plan)** - Authorized level of expenditures at the beginning of FY15 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

**18MgtPln (FY18 Management Plan)** - Authorized level of expenditures at the beginning of FY18 plus position adjustments and transfers (made at an agency's discretion) within appropriations.

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

**HSub Rec (House Subcom Recommend)** - House Finance Subcommittee Recommendations to the House Finance Committee.