

**2019 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between 20Adj Base and 20Gov 12/15**

Numbers and Language Differences Agencies: DCCED

Agency: Department of Commerce, Community and Economic Development

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
Executive Administration													
Administrative Services													
Office of Information Technology Salary Adjustment Billed to Agencies	20Gov 12/15	Inc	3.3	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0	0	0
<p>The Office of Information Technology (OIT) supports staff through billable rates charged to state agencies. This increase supports the portion of OIT salary adjustments, agreed to through the GGU and SU contract negotiations, that will be billed to executive branch agencies. Agencies pay the billable rates to OIT through a variety of fund sources, this increment has been adjusted down to remove the portion of rates that will be paid through non-general fund sources.</p>													
1004 Gen Fund (UGF)			3.3	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0	0	0
* Allocation Difference *			3.3	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			3.3	0.0	0.0	3.3	0.0	0.0	0.0	0.0	0	0	0
Banking and Securities													
Banking and Securities													
Financial Examiner II (08-#101) for Financial Background Examination of Marijuana Licensees	20Gov 12/15	Inc	120.0	99.8	0.0	16.2	4.0	0.0	0.0	0.0	1	0	0
<p>The Marijuana Control Board is anticipated to adopt regulations that will require marijuana business applicants to submit financial background information for examination. The Alcohol and Marijuana Control Office (AMCO) would enter into a reimbursable services agreement (RSA) with the Division of Banking and Securities (DBS) to complete the financial review and analysis for presentation to the Board as part of the license approval process.</p> <p>The Financial Examiner series is a job class exclusive to DBS which has access to national examiner trainings and resources necessary to stay current with trends and issues in conducting financial background review, examination, and regulatory enforcement. Financial Examiner II is the journey level of the series. Incumbents analyze and resolve issues with license applicants, conduct enforcement activities, and provide outreach and education to the regulated industry.</p>													
1007 I/A Rcpts (Other)			120.0	99.8	0.0	16.2	4.0	0.0	0.0	0.0	1	0	0
* Allocation Difference *			120.0	99.8	0.0	16.2	4.0	0.0	0.0	0.0	1	0	0
** Appropriation Difference **			120.0	99.8	0.0	16.2	4.0	0.0	0.0	0.0	1	0	0
Community and Regional Affairs													
Community and Regional Affairs													
L Reverse Civil Legal Services Fund Grant to Alaska Legal Services Corporation Sec11h Ch17 SLA2018 P73 L22 (HB286)	20Gov 12/15	FN0TI	-300.3	0.0	0.0	0.0	0.0	0.0	-300.3	0.0	0	0	0
<p>(h) The sum of \$300,300 is appropriated from the civil legal services fund (AS 37.05.590) to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to Alaska Legal Services Corporation for the fiscal year ending June 30, 2019.</p>													
1221 Legal Serv (DGF)			-300.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Grant to Alaska Legal Services Corporation from the Civil Legal Services Fund	20Gov 12/15	IncM	309.1	0.0	0.0	0.0	0.0	0.0	309.1	0.0	0	0	0
<p>In 2018, the Legislature passed HB 106, authorizing grants from the Civil Legal Services fund for organizations that provide civil legal services to low-income individuals. The annual amount is set at 10% of the filing fees</p>													

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Community and Regional Affairs (continued)													
Community and Regional Affairs (continued)													
Grant to Alaska Legal Services Corporation from the Civil Legal Services Fund (continued) collected by the Alaska Court System in the previous closed fiscal year.													
In FY2019, \$300.3 from filing fees received by the Alaska Court System during FY2017 was deposited into the Civil Legal Services Fund and then appropriated to the Department of Commerce, Community, and Economic Development as a grant to the Alaska Legal Services Corporation. In FY2020, the grant amount is adjusted to \$309.1, 10% of the \$3,090.9 in court filing fees collected by the Alaska Court System in FY2018, and will be included in the department's base budget. The grant amount will be adjusted annually to reflect the amount available under AS 37.05.590.													
1221 Legal Serv (DGF)			309.1										
Reduce Life Alaska Donor Services Grant to Ensure Sustainable Expenditures from the Anatomical Gift Awareness Fund	20Gov 12/15	Dec	-50.0	0.0	0.0	0.0	0.0	0.0	-50.0	0.0	0	0	0
The Anatomical Gift Awareness Fund (AGAF, AS 13.50.160) consists of donations collected by the Division of Motor Vehicles for organ donation promotion. The Division of Community and Regional Affairs administers annual grants to Life Alaska Donor Services, which encourages organ donation in Alaska.													
The AGAF was created in FY2005, and the first appropriation to Life Alaska Donor Services was made in FY2008. In more than half of the years that grants have been appropriated from the fund, appropriations have been greater than annual collections into the fund. The previously budgeted grant amount of \$80.0 to Life Alaska Donor Services exceeded the amount available in the fund in FY2019, and the FY2019 grant was administratively adjusted down to reflect the estimated amount available of \$30.0. The department has reviewed annual collection trends and has determined that future grants are unlikely to exceed \$30.0 annually. If annual collections are lower, the department will reduce the award to only equal receipts received. If contributions increase in the future, the department will reevaluate a sustainable grant level.													
1202 Anat Fnd (DGF)			-50.0										
* Allocation Difference *			-41.2	0.0	0.0	0.0	0.0	0.0	-41.2	0.0	0	0	0
** Appropriation Difference **			-41.2	0.0	0.0	0.0	0.0	0.0	-41.2	0.0	0	0	0
Insurance Operations													
Alaska Comprehensive Insurance Program													
L Alaska Reinsurance Program Federal Receipts (FY20-FY23)	20Gov 12/15	MultiYr	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
The amount of federal receipts received for the reinsurance program under AS 21.55 during the fiscal year ending June 30, 2019, is appropriated to the Department of Commerce, Community, and Economic Development, division of insurance, for the reinsurance program under AS 21.55 for the fiscal years ending June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023.													
* Allocation Difference *			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Insurance Operations													
Federal Authority for Insurance Market Initiatives in Alaska	20Gov 12/15	Inc	277.0	0.0	0.0	277.0	0.0	0.0	0.0	0.0	0	0	0

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Insurance Operations (continued)													
Insurance Operations (continued)													
Federal Authority for Insurance Market Initiatives in Alaska (continued)													
The Division of Insurance has received two federal awards in recent years from the Center for Medicaid and Medicare Services (CMS) for projects to strengthen and develop the healthcare marketplace in Alaska. In FY2016, the division received a federal grant focused on developing an external appeals process for health insurance consumers. Federal authorization for that award was appropriated as a multi-year project for FY2017 through FY2019.													
In FY2019, the division was awarded \$277.0 to support the role of the division in implementation of and planning for selected Federal market reforms and consumer protections.													
Federal grant opportunities are often issued on a short timeframe; for the most recent award, the grant solicitation was issued in May and grants were awarded in August. The division anticipates pursuing a Legislative Revised Program via the Legislative Budget and Audit Committee in fall 2018 to secure sufficient federal authorization for the first year of the grant. This federal authorization will allow the division to continue work on that federal grant, and will ensure sufficient authorization is available for grant opportunities in the future.													
	1002 Fed Rcpts (Fed)		277.0										
	* Allocation Difference *		277.0	0.0	0.0	277.0	0.0	0.0	0.0	0.0	0	0	0
	** Appropriation Difference **		277.0	0.0	0.0	277.0	0.0	0.0	0.0	0.0	0	0	0

Alcohol and Marijuana Control Office

Alcohol and Marijuana Control Office

Restore Marijuana Regulation Funding from License Receipts	20Gov 12/15	IncM	1,574.4	610.5	73.0	756.4	134.5	0.0	0.0	0.0	0	0	0
Funding for implementation of marijuana regulation activities was appropriated via a multi-year operating appropriation for FY2015 and FY2016. In FY2017, marijuana regulation was funded by \$100.0 general fund program receipts and \$1,474.4 in general fund authority as one-time items. The transition towards funding marijuana regulation with licensing receipts continued in FY2018: \$525.4 general fund program receipts complemented \$1,049.0 in general funds. In FY2019, two-thirds of original program costs were funded by license receipts, leaving marijuana regulation supported by just \$538.7 in general funds. In FY2020, marijuana regulation will be fully supported by license receipts, with no general fund support.													
1005 GF/Prgm (DGF)			1,574.4										
Utilize Additional Available License Receipts	20Gov 12/15	FndChg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund (UGF)			-13.3										
1005 GF/Prgm (DGF)			13.3										
Financial Examination and Background Analysis of Marijuana License Applicants	20Gov 12/15	Inc	120.0	0.0	0.0	105.0	15.0	0.0	0.0	0.0	0	0	0

The Marijuana Control Board (MCB) has a regulations change in progress that would require marijuana license applicants to submit financial background information and require the Alcohol and Marijuana Control Office (AMCO) to provide financial background analysis of applicants to the board. Statute requires that "legitimate, taxpaying business people, and not criminal actors, will conduct sales of marijuana," (AS 17.38.010) but at this time there is no evaluation of whether funds from criminal enterprises are being used for participation in the marijuana industry. AMCO would need a Financial Examiner to perform this analysis as there is no current staff

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Alcohol and Marijuana Control Office (continued)
Alcohol and Marijuana Control Office (continued)

Financial Examination and Background
 Analysis of Marijuana License Applicants
 (continued)

with the knowledge and expertise to review financial information.

This position will be established in the Division of Banking and Securities (DBS). AMCO will require receipt authority and DBS will require duplicate I/A authority. With the continued influx of new marijuana license applications, the increase of license renewals between FY2017 and FY2018, and a potential increase in marijuana license fees that the MCB is beginning to consider, AMCO will be able to support this position through marijuana program receipts.

1005 GF/Prgm (DGF)			120.0										
Occupational Licensing Examiner (08-#093) to Improve Marijuana License Processing Times	20Gov 12/15	Inc	107.0	82.0	0.0	15.0	10.0	0.0	0.0	0.0	1	0	0

Soon after AMCO began accepting applications for marijuana licenses in February of 2016, it became apparent that processing marijuana license applications takes significantly more time than processing liquor license and permit applications. Unlike alcohol applicants, marijuana applicants must submit detailed operating plans which the examiners review against the statutory and regulatory requirements. The rate of new applications being submitted continues to be greater than the rate at which AMCO examiners are able to review applications and corrections. In addition, AMCO has started receiving transfer applications for licensed marijuana establishments, as well as many change requests for operating establishments. Due to these demands on the licensing examiners, the waiting period for a new application to be reviewed has been 4-6 months. Applicants have raised special concerns about the length of time it takes to get their applications before the board, because applicants are generally paying rent on their proposed premises while waiting for their applications to be approved. An additional licensing examiner (08-#093) will help AMCO process applications in a timelier manner, thus improving AMCO's customer service.

This position has associated support costs of \$25.0 each year for state- and department-wide support and supplies. With the continued influx of new marijuana license applications, the increase of license renewals between FY2017 and FY2018, and a potential increase in marijuana license fees that the MCB is considering, AMCO will be able to support this position through marijuana program receipts.

1005 GF/Prgm (DGF)			107.0										
Regulations Specialist (08-7017) for Alcohol and Marijuana Regulation Projects	20Gov 12/15	Inc	110.0	85.0	0.0	15.0	10.0	0.0	0.0	0.0	0	0	0

In FY2019 Management Plan, the Alcohol and Marijuana Control Office (AMCO) added a Regulations Specialist to manage the significant number of regulations projects managed by the division. The division implemented one-time austerity measures in FY2019 to ensure that funding was available for the position; however, additional authorization is needed to support this position in the longer term.

AMCO manages regulations changes for both the Alcoholic Beverage Control Board (ABC) and the Marijuana Control Board (MCB). The initial regulations to legalize commercial marijuana cultivation and sale were adopted in February of 2016; changes continue to be necessary to address the needs and innovations of the industry, and public health and public safety concerns. Twenty-two regulations projects were opened by the MCB in FY2017 and twenty more in FY2018. In the first three months of FY2019 passed, the board opened seven regulations projects. Many of these regulations changes are complex and take substantial time to go through the adoption

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Alcohol and Marijuana Control Office (continued)													
Alcohol and Marijuana Control Office (continued)													
Regulations Specialist (08-7017) for Alcohol and Marijuana Regulation Projects (continued) process.													
<p>The ABC Board has well established regulations, however, the board must adopt and amend regulations to address the evolving needs of the public and industry, and public health and public safety concerns. The ABC Board opened five regulation projects in FY2017 and eleven in FY2018. Between 2012 and 2017, AMCO participated in the Title 4 Review Stakeholder Committee, which reviewed and drafted a comprehensive revision of the statutes governing alcoholic beverages. While the legislature did not pass the revisions to Title 4 in 2018, adoption of revised statutes is anticipated, which will require a comprehensive rewrite of the alcohol regulations in 3 AAC 304. Even if rewrite of Title 4 is not completed in the near future, significant regulatory changes are needed to provide greater clarity for licensees and the public.</p> <p>This position is critical in ensuring that all AMCO regulation projects are managed and completed in a timely manner. This position has an associated support costs of \$25.0 each year for state- and department-wide support and supplies. This position will split time between alcohol and marijuana.</p> <p>With the continued influx of new marijuana license applications, the increase of license renewals between FY2017 and FY2018, and a potential increase in marijuana license fees that the MCB is beginning to consider, AMCO will be able to support this position through marijuana program receipts.</p>													
	1005 GF/Prgm (DGF)		110.0										
* Allocation Difference *			1,911.4	777.5	73.0	891.4	169.5	0.0	0.0	0.0	1	0	0
** Appropriation Difference **			1,911.4	777.5	73.0	891.4	169.5	0.0	0.0	0.0	1	0	0

Alaska Energy Authority

Alaska Energy Authority Power Cost Equalization

L	Reverse Power Cost Equalization and Endowment Funding for FY2019	20Gov 12/15	OTI	-32,355.0	0.0	0.0	-355.0	0.0	0.0	-32,000.0	0.0	0	0	0
	Reverse language section transaction from the base budget.													
	1169 PCE Endow (DGF)			-32,355.0										
L	Restore Power Cost Equalization and Endowment Funding for FY2020	20Gov 12/15	IncM	32,355.0	0.0	0.0	355.0	0.0	0.0	32,000.0	0.0	0	0	0

The Power Cost Equalization (PCE) program provides economic assistance to communities and residents in rural areas, where the cost of electricity can be three to five times higher than for customers in more urban areas of the state. The program was created to equalize power cost per kilowatt-hour (kWh) statewide at a cost close to or equal to the mean of the cost per kWh in Anchorage, Fairbanks, and Juneau. PCE is a core element underlying the financial viability of centralized power generation in rural communities.

Under Alaska Statutes 42.45.100-170, the Regulatory Commission of Alaska determines if a utility is eligible to participate in the program and calculates the amount of PCE per kWh payable to the utility. The Alaska Energy Authority determines eligibility of community facilities and residential customers and authorizes reimbursement to the electric utility for the PCE credits extended to customers.

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Alaska Energy Authority (continued)													
Alaska Energy Authority Power Cost Equalization (continued)													
Restore Power Cost Equalization and Endowment Funding for FY2020 (continued)													
Power Cost Equalization program payments are expected to remain stable in FY2020. Program costs are also impacted by the "PCE floor" calculated by the RCA. In FY2017, because of increases in the cost of power in urban Alaska, the PCE floor was raised, reducing the number of communities eligible for residential reimbursement and lowering the overall cost of the program. At this time, AEA does not expect the program payments to exceed \$32 million in FY2020. However, changing factors can cause this estimate to be higher or lower than actual costs.													
	1169 PCE Endow (DGF)		32,355.0										
	* Allocation Difference *		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	** Appropriation Difference **		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0

Alaska Seafood Marketing Institute

Alaska Seafood Marketing Institute

State Match for Federal U.S. Department of Agriculture International Marketing Grant	20Gov 12/15	Inc	3,750.0	0.0	0.0	3,750.0	0.0	0.0	0.0	0.0	0	0	0
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The Alaska Seafood Marketing Institute (ASMI) requests \$3,750.0 in General Fund Match (GFM) authority for FY2020.

These funds will support ASMI's international marketing program, and match federal grant monies received from the United States Department of Agriculture (USDA) Foreign Agricultural Service (FAS) Market Access Program (MAP). The annual competitively-awarded federal grant allows ASMI to market Alaska seafood internationally, funding consumer and trade programs in 30 countries outside the U.S. Alaska Seafood faces mounting challenges in these international markets, including:

- a trade dispute leading to punitive tariffs by Alaska's largest trade partner, China;
- fierce competition from competitor species with more advantageous trade terms;
- the Russian seafood embargo; and
- uncertainty surrounding Brexit.

The federal grant program for international marketing is competitive, and ASMI competes each year against such national stalwarts as Angus Beef, Sunkist, Washington Apples, Cotton, and the U.S. Meat Export Federation. The amount of matching funds devoted to the program is a scored portion of the grant program, and the amount of match available can impact the amount awarded. In previous years, ASMI's federal award for international marketing was matched by state general funds. As general funds have been reduced, voluntary fish tax receipts have been used to match the federal grant. Voluntary fish taxes are a finite resource, and using them to match the federal grant has required decreases to ASMI's other vital programs - most significantly to domestic marketing, which is critical to their mission.

Over the last five years, ASMI's total annual spend plan has decreased by over \$8.4 million, which is in a large part due to decreased general funds. This has led to a reduced budget for all ASMI programs including domestic marketing, seafood technical, communications, Responsible Fisheries Management, and global food aid. ASMI has also completely eliminated its consumer advertising program for the U.S. Even if ASMI continues to reduce its spend plan for FY2020 and out years, it is estimated that the organization could have cash flow issues as soon

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Alaska Seafood Marketing Institute (continued)													
Alaska Seafood Marketing Institute (continued)													
State Match for Federal U.S. Department of Agriculture International Marketing Grant (continued) as FY2022.													
This general fund match will help bolster the matching contribution to the federal grant, reduce additional and more detrimental cuts to ASMI programs, and help support ASMI's mission into the future.													
1003 GF/Match (UGF) 3,750.0													
* Allocation Difference *			3,750.0	0.0	0.0	3,750.0	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Difference **			3,750.0	0.0	0.0	3,750.0	0.0	0.0	0.0	0.0	0	0	0
*** Agency Difference ***			6,020.5	877.3	73.0	4,937.9	173.5	0.0	-41.2	0.0	2	0	0
**** All Agencies Difference ****			6,020.5	877.3	73.0	4,937.9	173.5	0.0	-41.2	0.0	2	0	0

Column Definitions

20Adj Base (FY20 Adjusted Base) - FY19 Management Plan less one-time items, plus FY20 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (risk management and most salary and benefit increases). The Adjusted Base is the "first cut" of the FY20 budget; it is the base to which the Governor's and the Legislature's increments, decrements, and fund changes are added.

20Gov 12/15 (FY20 Governor Request 12/15) - Includes FY20 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2018. This is a placeholder budget and will be amended by Governor Dunleavy on the 30th day of the 2019 legislative session.