



LEGISLATIVE REPORT #25-04

House Passes Education Funding Bill

- Following spirited floor debate and more than 10 hours of amendments, the House passed House Bill No. 69 last week by a 24-16 vote. *HB 69* proposes an increase to the Base Student Allocation (BSA) of a \$1,000 per pupil - a reduction from the originally proposed \$1,808 per pupil increase spread over three years, plus added inflation-proofing. Bill sponsor, Rep. Rebecca Himschoot (*I-Sitka*), said the bill is a “wonderful compromise.” Minority members who joined the majority in supporting the bill were Reps. Jeremy Bynum (*R-Ketchikan*), Julie Coulombe (*R-Anchorage*), and Justin Ruffridge (*R-Soldotna*).
- The final version includes several policy provisions. Prior to reaching the floor, the policy changes that were made to the House Education version by the Rules Committee included open enrollment within districts, restrictions on cell phone use in schools, an enhanced appeal process for charter schools, the establishment of a legislative task force to evaluate school spending and reading proficiency incentive grants of \$450 per K-6 student.
- The total cost under the House passed bill is more than \$275 million. Attachment A provides a breakdown by school district of the added funds from the BSA increase. The BSA increase will cost about \$253 million. The reading incentive grant program will cost another \$22 million.
- While House minority members expressed dismay that certain policy measures were not included in the bill, House leadership voiced their relief in passing the bill onto the Senate. “The journey this year has been so much longer and literally, I’d say, hard fought, to the point where, at least for me, it’s a relief to get it through the House,” said House Speaker Rep. Bryce Edmon, (*I-Dillingham*), in a news conference Wednesday after the vote. Some of the floor amendments that passed include changes to required testing of students that “measures student academic performance over time,” additional reporting by school districts on student performance and a requirement that the governor introduce a school funding bill each year separate from the budget. The bill is scheduled to be considered next week in the Senate Education Committee.

House Finance Committee Releases Proposed FY 2026 Budget

- This week the House Finance Committee finished finance subcommittee work on the FY 2026 operating budget and took public testimony for three days. Prior to hearing from the public, a committee substitute (CS) for the governor’s proposal was adopted as the committee’s working document. Another version is expected next week. Below is a summary of key highlights.
 - Full funding of school and harbor debt reimbursement for FY 2026.
 - Funding of K-12 education under current foundation formula. CS does not reflect increase in funding under the House passed version of *House Bill No. 69*, which increases the BSA by \$1,000.
 - Full funding of PCE payments.
 - No increase yet for the FY 2026 Community Assistance payments. At present, the FY 2026 payments will be reduced by 20% absent more money added. No additional funding to re-capitalize the fund for future years.
 - Full funding of state raw fish taxes sharing with municipalities.
 - Keeps a full permanent fund dividend payment of about \$3,800 per person. House leaders intend to reduce this amount to fund the K-12 education funding impacts under *HB 69*, plus cover projected deficits for FY 2025 and FY 2026 and impact of reduced income projected under the newly released spring forecast.
 - Flat funding for Alaska Marine Highway System operations in calendar year 2026. Proposes forward funding two years on a fiscal year basis.
 - Adds \$1.2 million for public broadcasting and about \$15 million to cover increased Medicaid reimbursement costs.
 - Removed the governor’s proposal to pay for the larger dividend and projected deficits with a draw from the Constitutional Budget Reserve (CBR).

Spring Revenue Forecast Projects Growing Deficit

- **The Department of Revenue released the Spring 2025 Revenue Forecast on March 12.** The forecast predicts decreased revenue for fiscal years 2025 and 2026, primarily due to a combination of falling Alaska North Slope (ANS) oil prices, a reduction in Unrestricted General Fund (UGF) revenue, and “continued uncertainty due to recent geopolitical and financial events,” all of which pose additional challenges to the legislature as they craft the FY 2026 budgets. The department's presentation and related documents provided to the Senate Finance Committee, can be found [here](#). Key highlights include:
 - **Decreased Revenue & Oil Production:** The department projects \$6.23 billion in UGF for FY 2025, \$30 million less than forecast in December of 2024. The forecast for FY 2026 is \$6.13 billion in UGF, a decrease of \$70 million due to the “revised outlook of oil price and production.” The ANS oil price forecast increased by \$0.62 per barrel for FY 2025 but decreased by \$2.00 per barrel for FY 2026. The oil production forecast increased by 200 barrels per day for FY 2025 but decreased by 5,400 barrels per day for FY 2026.
 - **Permanent Fund Dividend Impacts:** In a presentation to the House Finance Committee on March 5, Legislative Finance Division's Director Alexi Painter presented five FY 2026 budget scenarios (based on the fall FY 2026 forecast), including the funding needed for House Bill No. 69, legislation recently passed by the Alaska House to increase school funding. For example, a statutory PFD of \$3,776 per resident would result in a \$1.94 billion deficit while a “75/25” PFD of \$1,419 per resident would result in a \$440 million deficit; a PFD of \$736 per resident would balance the budget. **Due to the projected \$70 million decrease for FY 2026 in the Spring 2025 Revenue Forecast, these deficits will grow.** One [report](#) estimated that a \$1,420 per resident PFD would result in a \$532 million deficit for FY 2026.
 - **Budget Considerations:** Under Governor Dunleavy's FY 2026 budget proposal, the new forecast results in a \$1.64 billion deficit. Legislators are exploring alternatives to the governor's budget as they face the deficit, including drawing from the \$2.82 billion Constitutional Budget Reserve, but this requires a vote of three-quarters majority in each chamber, a move Senate leaders oppose. Lawmakers are continuing to consider revenue measures, such as reducing oil company tax credits, increasing taxes on Hilcorp Alaska, and taxing certain out-of-state businesses, as detailed in Legislative Report #25-03. However, the House majority has yet to introduce similar proposals. Fiscal policy discussions are now scheduled for next week in the House State Affairs Committee, with difficult budget decisions expected before the legislative session ends in May.

Other Capitol News

- **Need to Restructure Alaska Permanent Fund:** During a recent presentation to the Legislative Budget & Audit Committee, Alaska Permanent Fund leaders warned legislators the annual draw from the Earnings Reserve Account has a 50/50 chance of not being enough to fund state services and the dividend over the next decade. The solution is to pass a constitutional amendment to change the fund's structure from two accounts to one account. Proposals to make this change are under review in both bodies ([HJR 10](#); [SJR 14](#)).
- **Essential Air Service Program Funding Update:** Alaska's congressional delegation reported positive news that the recently approved Continuing Resolution to fund the federal government through September 2025 does not reduce funding for the Essential Air Service (EAS) program. The program is slated to receive a small funding increase. The delegation is also reporting no change in funding for the bypass mail program during the same time period.
- **Bill to Legalize Fish Farming Heard:** The Senate Resources Committee held its first hearing on the governor's bill (SB 108) to allow non-salmon finfish farming. ADF&G's PowerPoint presentation can be viewed [here](#). The committee expressed considerable skepticism and concern about the risks of pursuing these ideas.

Summary of State Legislation



Happy St. Patrick's Day!

Below is a list of legislative measures of interest, divided into six main topics: fiscal measures, general municipal issues, education measures, fishery & resource issues, energy matters, and election & voting issues. House measures are described first, followed by Senate measures. Companion bills (measures in both bodies) are listed together. **Priority focus will be on those likely to get traction. Happy to address other measures if asked.** More information about these measures can be found at [Alaska Municipal League Legislative Tracker](#) or [Alaska State Legislature](#). Check out what your legislators are doing. **New bills are in BLUE, change in status in RED, and passed bills in GREEN.**

Fiscal Measures

Measure	Summary	Status
HJR 10 by Schrage SJR 14 by Senate FIN	Creates a single account in the Permanent Fund and allows no more than an annual 5% POMV draw.	HJR 10 scheduled House STA 3/20 SJR 14 heard/held Senate FIN 3/11
HB 53/SB 56 by governor	FY 2026 Operating Budget: Both versions propose flat funding with no added one-time money for K-12. Funds school debt reimbursement at 100%. Flat funding for the Alaska Marine Highway System.	HB 53 heard public testimony 3/12, 3/13, 3/14 House Finance SB 56 pending Senate Finance
HB 54/SB 57 by governor	FY 2026 Capital Budget: Minimal proposal at this point. No money included for K-12 major maintenance projects.	HB 54 pending House Finance SB 57 pending Senate Finance
SJR 2 by Claman	Proposes constitutional amendment to change veto override threshold from 3/4ths to two-thirds of legislature.	Pending State Affairs
SJR 5 by Kaufman	Proposes constitutional amendment to convert the Permanent Fund to a single account with a maximum 5.5% POMV allowed. Places dividend in the constitution with formula subject to voter approval.	Pending Judiciary
SB 24 by Stevens HB 49 by Hannan	Proposes state retail tax of 25% on e-cigarette products and changes the age to use tobacco from 19 to 21 for possession.	SB 24 passed out Senate L&C 3/12 HB 49 pending House Finance
SB 92 by Senate Resources	Proposes a 9.4% tax on income over \$5 million earned by S corporations. The bill targets Hilcorp, the company that runs Prudhoe Bay.	Heard & held Resources 3/14
SB 96 by Senate Rules	Extends sunset date for education tax credits. Fixes legal problem with similar bill passed last year.	Heard & held L&C 3/14
SB 109 by Hoffman (entire committee)	Institutes a 75/25 split of the annual permanent fund draw between state services and the dividend.	Heard & held Finance 3/6
SB 112 by Senate Rules	Reforms Alaska's per barrel oil tax credit to increase state revenue and tightens its use.	Heard & held Resources 3/12
SB 113 by Senate Rules	Amends state's corporate income tax to include online sales from outside corporations.	Heard & held Finance 3/10

General Municipal Issues

Measure	Summary	Status
HB 3 by Rauscher	Moves regular sessions of the Alaska State Legislature from Juneau to Anchorage.	Pending CRA
HB 13 by Gray	Permits a municipality to exempt or partially exempt from taxation a structure converted from a short-term to long-term rental unit.	Pending CRA
HB 17 by Rauscher	Removes PERS retirement eligibility restrictions for disabled veterans with service-connected condition.	Scheduled Finance 3/19
HB 29 by Vance SB 5 by Hughes	Allows municipalities and school district to join state's health insurance program.	HB 29 pending House EDC SB 5 pending Senate EDC

Measure	Summary	Status
HB 41 by Allard SB 26 by Merrick SB 102 by Senate STA	HB 41/SB 26 places Alaska permanently on daylight saving time if federal law changes are enacted by Congress. SB 102 exempts Alaska from daylight savings time.	HB 41 pending House STA SB 26 & SB 102 scheduled Senate CRA 3/18
HB 42 by Allard	Eliminates moratorium on ability to issue new debt using the school bond debt reimbursement program.	HB 42 pending Education
HB 60/SB 67 by governor	Increases purchase price differential for required in-state purchases of food & fishery products by the state, municipalities & school districts.	HB 60 pending House L&C SB 67 pending Senate RES
HB 107 by Tomaszewski	Allows school districts and other public employers to participate in the Supplemental Benefits System.	Pending Finance
HB 108 by Rauscher	Provides certain peace officers a choice between a defined benefit pension versus the current 401(k) plan.	Pending State Affairs
HB 133 by Himschoot SB 129 by Kawasaki	Creates a payment deadline for the state of 30 days for all grants or other agreements, with a 21-day deadline if federal funds involved.	HB 133 referred House CRA, STA SB 129 referred Senate CRA, L&C
SJR 3 by Claman	Proposes constitutional amendment to limit regular sessions of the legislature to 90 days.	Pending Judiciary
SB 10 by Dunbar	Requires state to procure a family leave insurance plan. Political subdivisions may elect to join.	Pending Labor & Commerce
SB 21 by Wielechowski	Creates Alaska Word & Save Program for employees who are not part of a qualified retirement plan.	Pending Labor & Commerce
SB 27 by Kiehl	Allows teachers & other public employees a choice between a defined benefit (DB) pension versus the current defined contribution (DC) plan.	Pending Labor & Commerce
SB 28 by Giessel HB 78 by House Finance	Provides defined benefit plan for all new public employees, and a choice for current employees between the new DB option versus current DC plan.	SB 28 scheduled Senate L&C 3/21 HB 78 pending House FIN
SB 34 by Giessel	Repeals 90-day session limit.	Scheduled State Affairs 3/18
SB 42 by Gray-Jackson	Omnibus law enforcement reform bill adding required municipal police officer standards and reporting of incidents of use of force.	Pending Community & Regional Affairs
SB 50 by Dunbar	Amends state law to require a housing plan under the comprehensive plan requirement for first and second class boroughs.	3rd reading, Senate floor 3/17
SB 53 by Gray-Jackson	Imposes accreditation standards for law enforcement agencies in Alaska including a municipal police department.	Pending State Affairs
SB 55 by Stedman	Requires all TRS/PERS employers to participate in SBS system for those not in social security. Amended in L&C to shift most costs to employers through 2037.	Heard & held L&C 3/12
SB 63 by Cronk	Changes makeup of Local Boundary Commission to require one member from unorganized borough. Requires members from each judicial district to live and vote in that district.	Pending Finance
SB 81 by Stedman	Imposes contribution requirement on TRS/PERS employers for past service liability. Likely contradicts current requirement for state to cover.	Heard & held L&C 3/3

Education Measures

Measure	Summary	Status
HJR 5 by Bynum	Resolution urging Congress to reinstate the Secure Rural Schools & Community Self-Determination Act.	Scheduled House floor 3/17
HB 9 by Carrick	Requires schools to provide children with disabilities with medically necessary services at school.	Pending Education
HB 12 by Dibert	Requires school districts provide free breakfast and lunch subject to appropriation.	Pending Education
HB 28 by Story	Establishes a student loan repayment pilot program at the Commission on Postsecondary Education.	Pending Education
HB 38 by Saddler	Allows SBS participation by TRS employees for those not in social security.	Scheduled L&C 3/17
HB 39 by Allard SB 8 by Gray-Jackson	Requires DEED to establish a centralized program for deaf students with residential services.	HB 39 pending House EDC SB 8 pending Senate EDC
HB 40 by Allard	Districts must designate sports team as male, female or co-ed & bars transgender girls from female sports.	Pending Judiciary

Measure	Summary	Status
HB 57 by Fields SB 18 by Wielechowski	Requires DEED to prohibit use of nonschool-issued wireless telecommunication devices at public schools with some exceptions.	HB 57 passed out House EDC 3/12 SB 18 heard/held Senate EDC 3/12
HB 59/SB 66 by governor	Establishes a five-year pilot program for state-tribal education compact schools working with five tribes.	HB 59 heard/held House TRB 3/13 SB 66 pending Senate EDC
HB 69 by Himschoot	House approved version increases BSA by \$1,000, adds reading incentive grants, Education Funding Task Force, open enrollment, and minor charter school law changes.	Passed House 3/12 by 24-16 vote, scheduled S EDC 3/17, 3/19, 3/21
HB 76/SB 82 by governor	Omnibus education bill on charter school approval, cell phone bans, allowing open enrollment and several funding initiatives outside the BSA.	HB 76 pending House EDC SB 82 heard/held Senate EDC 3/3
HB 98 by Fields	Establishes maximum K-12 pupil-teacher ratios for certain classrooms at public schools.	Pending Education
HB 112 by Bynum	Provides a special appropriation of \$680 more in the Base Student Allocation for FY 2026.	Pending Finance
HB 122 by Prax	Eliminates the mandatory Required Local Contribution from K-12 Foundation Formula.	Pending Education
SB 3 by Hughes	Requires school districts to allow arming of individuals if requested subject to various requirements.	Pending Education
SB 6 by Gray-Jackson	Requires education in history & contributions of Asian Americans and Pacific Islanders in the U.S.	Passed out Senate EDC 3/12
SB 10 by Dunbar	Requires state to procure a family leave insurance plan. Political subdivisions may elect to join.	Pending Labor & Commerce
SB 20 by Gray-Jackson HB 92 by Gray	Requires DEED to develop and implement education of public students with hands-on CPR training.	SB 20 pending Senate Education HB 92 pending House EDC
SB 22 by Wielechowski HB 90 by Eischeid	Requires school districts to provide all high school students a financial literacy education course.	SB 22 pending Senate FIN HB 90 pending House EDC
SB 23 by Stevens	Adds civics exam requirement to graduate from secondary school.	SB 23 pending Senate FIN
SB 41 by Gray-Jackson HB 105 by Galvin	Directs DEED to develop guidelines for mental health instruction in consultation with the Health department and others.	SB 41 pending Senate Finance HB 105 scheduled House EDC 3/17
SS for SB 46 by Claman	Replaces current K-12 education funding mechanism with a direct appropriation.	Heard & held Education 3/5
SB 93 by Tobin	Amends foundation formula to count a student in early education as a full-time equivalent student.	Moved out Education 3/5
SB 101 by Gray-Jackson	Requires DEED to establish a health and personal safety program for K-12 public schools.	Pending Education
SB 127 by Gray-Jackson	Adds required services for visually impaired children including braille instruction.	Referred Education, Finance

Fishery & Resources Issues

Measure	Summary	Status
HB 31 by Stutes	Exempts commercial fishing vessels with valid licenses from numbering and registration provisions.	Moved out Finance 3/12
HB 33 by Stutes	Allows members of Game or Fisheries Boards to deliberate and discuss matters if they or a family member have a personal or financial interest.	Scheduled Resources 3/17
HB 93 by Himschoot	Changes hunting, trapping and sport fishing residency requirements to match allowable absences to receive a permanent fund dividend.	Passed Fisheries 2/22, heard & held Resources 3/14
HB 111/SB 108 by governor	Authorizes finfish farming in freshwater for fish such as tilapia, catfish, or carp. Prohibits the farming of salmon.	HB 111 pending House FSH SB 108 heard & held S RES 3/10
HB 116 by House FSH SB 115 by Senate RLS	Exempts cooperative agreements for commercial fishing from insurance regulation. Submitted on behalf of Seafoods Industry Task Force.	HB 116 passed out H FSH 3/11, scheduled House L&C 3/21 SB 115 pending Senate L&C
HB 117 by House FSH	Allows set gillnet entry permit holders to fish cooperatively. The cooperative can consist of no more than 10 permit holders.	Passed out Fisheries 3/11, scheduled Resources 3/21
HB 125 by Jimmie	Changes Board of Fisheries composition to provide two seats for subsistence fishing, two for commercial, two for sport and one for a fisheries scientist.	Scheduled 3/18 Fisheries

Measure	Summary	Status
HB 129 by House Fisheries	Extends fisheries product development tax credit program until 2030 and expands it. Submitted on behalf of Seafoods Industry Task Force.	Scheduled Fisheries 3/20
SB 29 by Bjorkman	Adds executive director for Big Game Commercial Services Board.	Pending Finance
SB 80 by Senate Labor & Commerce	Extends termination date of the Big Game Commercial Services Board from June 30, 2024, to June 30, 2032.	Passed out Finance 3/10
SB 97 by Senate Rules	Establishes big game commercial concession permit program on state land, starting with a pilot program. Fixes problem created last year.	Heard & held Resources 3/10
SB 105/HB 109 by governor	Expands existing remote cabin sites program to increase access to state lands for lease and purchase.	SB 105 scheduled S RES 3/17 HB 109 heard/held House RES 3/12
SB 131 by governor	Allows the Alaska Seafood Marketing Institute (ASMI) to promote Alaskan mariculture products.	Referred Resources, Finance

Energy Matters

Measure	Summary	Status
SB 16 by Myers	Provides a simplified rate filing procedure for utility rate adjustments subject to Regulatory Commission of Alaska approval.	Pending Labor & Commerce
SB 61 by Tobin	Establishes an electronic products stewardship program. Includes electronics recycling advisory council and grant program authority.	Passed out Resources 2/24
SB 91 by Senate Resources	Creates new program at Department of Natural Resources to allow clean energy projects to obtain a license for use of state lands.	Pending Resources
SB 120 by Gray-Jackson	Establishes the Alaska Climate Change Emergency Response Commission, with 9 municipal representatives out of 16 members.	Scheduled State Affairs 3/20

Election & Voting Issues

Measure	Summary	Status
HB 16 by Schrage SB 116 by Senate STA	Establishes schedule of campaign contribution limits for individuals & groups. Includes inflation adjuster.	HB 16 pending State Affairs SB 116 referred Senate STA, FIN
HB 21 by Story	Allows voter preregistration for minors at least 16 years of age and keeps the registration confidential.	Scheduled Judiciary 3/17
HB 43 by Schrage	Omnibus reform bill allowing same day registration, ballot tracking & curing, postage-paid absentee ballots and other reforms.	Heard & held State Affairs 3/11
HB 63/SB 70 by governor	Numerous changes including repeal of PFD voter registration, reducing early voting period, and requiring receipt of absentee ballots by election date.	HB 63 pending House STA SB 70 pending Senate STA
HB 100 by Fields	Imposes a 5% tax on federal campaign spending in state.	Pending State Affairs
SB 64 by Senate Rules	Senate majority reform bill includes same day registration, ballot tracking & curing, postage-paid absentee ballots, and repeal of signature verification.	Scheduled States Affairs 3/18

House passed version of HB 69: impact of proposed BSA increase of \$1,000 per school district

School District	FY2026 PROJECTED Total State Entitlement	CSHB69(RLS) PROJECTED Total State Entitlement	Cost to State
Alaska Gateway	\$ 8,775,778	\$ 10,307,668	\$ 1,531,890
Aleutian Region	705,835	835,745	129,910
Aleutians East Borough	3,149,763	3,931,553	781,790
Anchorage	287,101,121	357,618,211	70,517,090
Annette Island	817,081	1,734,701	917,620
Bering Strait	27,454,199	34,182,819	6,728,620
Bristol Bay Borough	1,508,726	1,909,346	400,620
Chatham	3,661,576	4,285,206	623,630
Chugach	5,082,257	5,961,707	879,450
Copper River	5,912,387	6,939,607	1,027,220
Cordova	4,512,618	5,462,808	950,190
Craig	5,248,876	6,223,176	974,300
Delta/Greely	10,455,283	12,234,023	1,778,740
Denali Borough	6,638,654	7,936,694	1,298,040
Dillingham	4,783,543	5,760,193	976,650
Fairbanks N. Star Borough	89,030,029	112,217,169	23,187,140
Galena	43,503,138	50,803,228	7,300,090
Haines Borough	2,588,682	3,266,532	677,850
Hoonah	2,628,697	3,115,787	487,090
Hydaburg	1,439,041	1,687,231	248,190
Iditarod Area	5,699,785	6,778,195	1,078,410
Juneau Borough	27,577,548	35,530,438	7,952,890
Kake	2,245,526	2,667,236	421,710
Kashunamiut	3,730,303	4,790,283	1,059,980
Kenai Peninsula Borough	64,565,229	81,316,099	16,750,870
Ketchikan Gateway Borough	23,768,404	28,785,614	5,017,210
Klawock	1,748,752	2,184,492	435,740
Kodiak Island Borough	23,524,518	28,787,258	5,262,740
Kuspuk	5,246,363	6,519,363	1,273,000
Lake & Peninsula Borough	8,177,766	9,648,596	1,470,830
Lower Kuskokwim	59,023,306	71,770,296	12,746,990
Lower Yukon	38,175,491	45,714,031	7,538,540
Mat-Su Borough	162,033,257	197,457,337	35,424,080
Nenana	13,919,356	16,263,886	2,344,530
Nome	8,816,612	10,534,972	1,718,360
North Slope Borough	17,131,633	22,803,063	5,671,430
Northwest Arctic Borough	36,300,234	42,889,424	6,589,190
Pelican	365,663	436,903	71,240
Petersburg	5,905,392	7,162,362	1,256,970
Pribilof	962,208	1,207,468	245,260
Saint Mary's	3,548,552	4,157,952	609,400
Sitka Borough	10,675,059	13,163,539	2,488,480
Skagway	1,124,783	1,485,503	360,720
Southeast Island	4,629,488	5,404,168	774,680
Southwest Region	9,108,504	11,348,594	2,240,090
Unalaska	3,229,972	4,190,812	960,840
Valdez	4,471,191	5,888,961	1,417,770
Wrangell	2,831,469	3,453,529	622,060
Yakutat	1,116,253	1,357,813	241,560
Yukon Flats	4,742,451	5,764,811	1,022,360
Yukon/Koyukuk	24,348,790	28,528,630	4,179,840
Yupit	7,885,398	9,716,208	1,830,810
Mt. Edgecumbe High School	2,650,169	3,356,669	706,500
TOTAL	\$ 1,104,276,709	\$ 1,357,477,909	\$ 253,201,200