



ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Legislative Finance Division

430 Main St.
Juneau, Alaska
(907) 465-3795

MEMORANDUM

DATE: March 5, 2026
TO: Representative Andy Josephson
Representative Calvin Schrage
Representative Neal Foster
Co-Chairs, House Finance Committee

FROM: Alexei Painter
Legislative Fiscal Analyst

A handwritten signature in blue ink, appearing to read "Alexei Painter".

SUBJECT: Responses to Committee Questions from March 4 Meeting

Thank you for inviting the Legislative Finance Division to present before the committee. Responses to questions and requests for follow-up information from the committee hearing are below.

Calculate the potential lost investment earnings from the transfer of a portion of the the Higher Education Investment Fund to the Constitutional Budget Reserve.

The \$129.6 million transfer from the Higher Education Investment Fund (HEIF) to the Constitutional Budget Reserve (CBR) was effective in September of 2025. From October through January (the most recent month with actual investment return data available for these funds), LFD estimated approximately \$3.5 million more would have been earned on this sum if it were in the HEIF than it earned in the CBR.

The projected investment income of the HEIF is 6.98% annually, compared to 3.00% annually for the CBR. On a monthly basis, this difference would be about \$430,000 of additional earnings for \$129.6 million in the HEIF compared to the CBR.

What price would be needed to balance the FY26 deficit before supplemental appropriations?

We would estimate that it would require an annual price between \$67 and \$68 per barrel (compared to the \$65.48 Fall Forecast projection). This matches the price to date through FY26 so far.

How much lapsing program receipt revenue is included in DOR’s Fall Revenue Forecast?

The Revenue Sources Book has a total of \$25.5 million in lapsing Charges for Services, \$29.7 million of Licenses and Permits, and \$12.2 million in other surplus program receipts, for a total of \$67.4 million of UGF revenue attributable to lapsing program receipts of various types.

What are the restrictions on use of cruise ship head tax revenue?

AS 43.52.230(d) states that “the legislature may appropriate money from the commercial vessel passenger tax account to projects that (1) improve port and harbor infrastructure, (2) provide services to commercial passenger vessels and the passengers on board those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers on board those vessels are engaged.”