

**SENATE BILL NO. 258**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

**BY SENATOR KIEHL**

**Introduced: 2/23/26**

**Referred: Community and Regional Affairs, Labor and Commerce**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to contracts for the licensing of software applications."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 36.90 is amended by adding a new section to read:

4 **Sec. 36.90.310. Software licenses.** (a) A contract entered into by the state or a  
5 political subdivision of the state to license a software application designed to run on  
6 generally available desktop or server hardware may not limit the state's or political  
7 subdivision of the state's ability to install or run the software on desktop or server  
8 hardware of the state's or political subdivision of the state's choosing.

9 (b) The commissioner of administration may adopt regulations to implement  
10 this section.

11 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
12 read:

13 **APPLICABILITY.** AS 36.90.310, enacted by sec. 1 of this Act, applies to a contract  
14 entered into, renewed, or amended on or after the effective date of sec. 1 of this Act.



## SENATOR JESSE KIEHL

**SB 258**

### **Fair Software Licensing Bill**

#### **Sponsor Statement**

Alaska relies on software applications every day to deliver services, manage records, and keep government functioning at all levels. Alaskans get a lower cost of government from the efficiencies modern software provides.

In recent years some software licensing contracts have sprouted terms requiring government units to move the software to the cloud, instead of on their own servers. That sort of decision belongs at the local level, where budgets and security get considered. Even more concerning, some contracts forbid using specific competitors' cloud computers, driving government to 'captive' cloud options. These restrictions limit flexibility, increase cost, and reduce the state's ability to choose the most practical and cost-effective technologies to serve the public.

SB 258 fixes the problem by ensuring software licensing contracts can't restrict where the state or its political subdivisions run their applications. The bill preserves the ability to choose whether to use cloud services, and if so, which ones best meet operational and budget needs. By protecting Alaska governments from software vendor lock-in, Alaska will promote fiscal responsibility, competition, and productivity.

April 21, 2026

34-LS1172 \N

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## SENATOR JESSE KIEHL

**SB 258**

### **Fair Software Licensing**

#### **Sectional Analysis**

**Sec. 1:** Ensures state and local governments cannot be forced to run software on computers or servers they do not choose. It lets the Commissioner of Administration write regulations to implement the section.

**Sec. 2:** Applies the new rule only to software contracts signed, renewed, or changed after the law becomes effective.

April 21, 2026

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# Fiscal Note

State of Alaska  
2026 Legislative Session

Bill Version: SB 258  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB258-DOA-OIT-3-13-26  
Title: CONTRACT: LICENSING SOFTWARE APPLICATIONS  
Sponsor: KIEHL  
Requester: (S) Community and Regional Affairs

Department: Department of Administration  
Appropriation: Office of Information Technology  
Allocation: Licensing, Infrastructure & Servers  
OMB Component Number: 3414

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Fund Source (Operating Only)

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Positions

Full-time								
Part-time								
Temporary								

### Change in Revenues

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2026) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2027) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

### ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

### Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By:	Bill Smith, State Chief Information Officer	Phone:	(907)269-6596
Division:	Office of Information Technology	Date:	03/13/2026
Approved By:	Stefanie Bingham, Administrative Services Director	Date:	03/14/26
Agency:	Department of Administration		

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA  
2026 LEGISLATIVE SESSION**

**BILL NO. SB258**

**Analysis**

This bill has no anticipated fiscal impact on the agency. The provision applies only to software licenses for applications designed to run on generally available desktop or server hardware and prohibits contract terms that restrict the government's choice of such hardware. The bill does not require new systems, staffing, or operational changes. No anticipation of new or changing regulations will be required.



SENATOR JESSE KIEHL

March 6, 2026

TO: Alaska State Legislators

FROM: Senator Jesse Kiehl

RE: SB 258, Fair Software Licensing

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After introducing Senate Bill 258, I found a model act by the American Legislative Exchange Council containing similar provisions. You can find the entire model bill here: <https://alec.org/model-policy/neutrality-and-integrity-in-software-procurement-act/>

The ALEC model includes several things already covered by Alaska procurement rules. The language covering fair software licensing reads:

“A contract for the licensing of software applications that are designed to run on a generally available desktop or server hardware shall not limit a Public Agency’s ability to install or run the software on the hardware of the governmental body’s choosing.

“However, nothing in this Act shall preclude Public Agencies from considering the effect of specific licensing terms in software procurement decisions, including licensing terms that govern the availability of Software Source Code, rights and restrictions regarding software modification, redistribution, warranties, and intellectual property indemnification.”

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# MYTH vs. FACT

## ALASKA SB258 Fair Software Licensing (FSL)

**MYTH: Alaska SB258, fair software licensing (FSL), legislation will reduce flexibility and negotiating power in state procurement contracts.**

**FACT:** To the contrary, the very purpose of FSL is to allow the state greater flexibility in the way it deploys its software, and the hardware vendors— whether for on premises or cloud services— it chooses.

**MYTH: SB258 prevents software vendors from differentiating pricing between public and private sector customers.**

**FACT:** For many years, enterprise software vendors have created different pricing schemes to accommodate the frequently constrained budgets of their public sector customers. Nothing in FSL changes that. Rather, FSL prevents software vendors from penalizing customers who choose to run its software on third party hardware by imposing higher fees.

**MYTH: SB258 dictates the type of contracts into which a software vendor may enter with its private sector customers.**

**FACT:** FSL is narrowly tailored, and applies only to software licensing contracts entered into by “state agencies.” Similar to a multitude of other procurement requirements, FSL is meant to empower the agencies and protect taxpayer funds.

**MYTH: SB258 will increase the cost of software and related services.**

**FACT:** FSL fosters competition amongst the state’s infrastructure hardware vendors— whether on premises or in the cloud. More competition means: better services and lower prices. When state agencies are free to choose the software that best fit their needs, vendors are incentivized to offer high quality goods and services at competitive prices.

**MYTH: SB258 will require the state to review existing vendor contracts for compliance.**

**FACT:** Again, the scope of SB258 is narrowly tailored, and applies only to the execution of future contracts between state agencies and their software vendors. Moreover, the language only applies to software “designed to run on generally available desktop or service hardware” — a limited class of the state’s vendor contracts. Nothing in the legislative language implicates existing contracts or requires retroactive review of previously executed agreements.

**MYTH: FSL prevents states from realizing efficiencies by streamlining software and infrastructure contracts with single providers.**

**FACT:** FSL empowers the state to run the software it pays for on the hardware of its choice. State agencies are free to streamline or differentiate providers, according to their business needs. Importantly, the State makes these decisions, not a software provider.

**MYTH: FSL raises serious cybersecurity concerns, because it forces customers to use multiple vendors instead of a single, trusted partner.**

**FACT:** The opposite is true. Dependence on any single software provider can be perilous for cyberresiliency. FSL frees the state to choose the software and hardware combinations that make the most sense for the security of their constituents.

**MYTH: FSL is aimed at penalizing specific technology providers to the benefit of others, rather than toward establishing industry standards.**

**FACT:** FSL creates a level playing field for all cloud providers to offer their services.

**Alaska SB258, introduced by Sen. Jesse Kiehl, is currently pending before the Senate Committee on Community and Regional Affairs. The bill language reads:**

*(a) A contract entered into by the state or a political subdivision of the state to license a software application designed to run on generally available desktop or server hardware may not limit the state's or political subdivision of the state's ability to install or run the software on desktop or server hardware of the state's or political subdivision of the state's choosing.*

### **What is the purpose of SB258, and what problem does it address?**

The purpose of SB258 is to ensure that when a state agency buys software, the contract doesn't artificially restrict where or how the software can be used. This means the agency should be free to run the software on whatever computer systems or cloud services work best for its needs, without being locked into one specific setup.

The need for this legislation arises out of growing concern among IT leaders, procurement offices, and regulators around the country (and the world) that restrictive licensing practices are leading to wasteful government spending, creating unnecessary cybersecurity vulnerabilities, and hindering technology modernization efforts. Restrictive licensing practices also lead to what's become known as "vendor-lock," in which purchasers of software are effectively prevented from switching between technology service providers as circumstances necessitate.

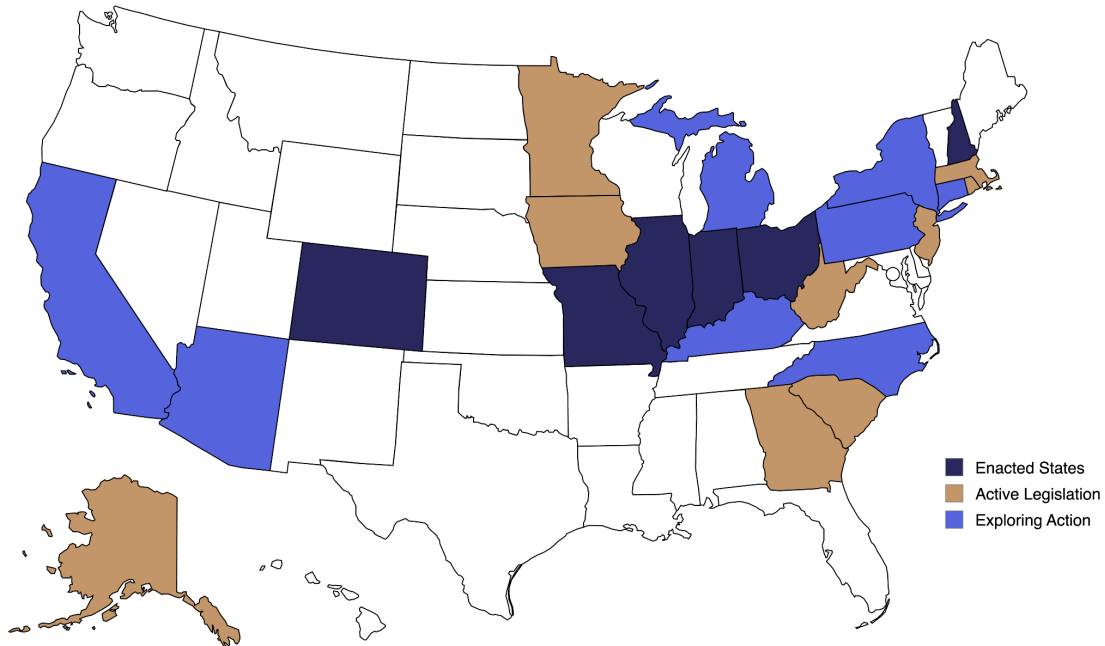
### **What are the benefits of passing SB258?**

SB258 is a technology procurement good housekeeping bill:

- It applies only to future public procurement contracts.
- It does not constrain the state in its choice of software OR of cloud providers, instead empowering agencies to select the software vendors and hardware environments that best meet their business needs.
- It incentivizes vendor diversification, which strengthens cybersecurity.
- It does not ask the state to pick winners and losers— rather, it fosters healthy competition in the public cloud, which spurs innovation and lowers cost to taxpayers.
- It prioritizes the needs of the state over the preference of the software vendor.

## What are other jurisdictions doing about restrictive software licensing?

To date, six states – Colorado, Missouri, Illinois, Indiana, Ohio, and New Hampshire – have enacted fair software licensing legislation. Three more – Massachusetts, New Jersey, and Georgia – have active fair software licensing bills pending before their legislatures. California, Arizona, and Alaska are exploring action.



## Is restrictive software licensing just a state issue?

No. This is an issue that has also generated notable attention at the federal level.

- In November of 2024, the [FTC launched](#) a broad investigation into one legacy software provider’s licensing practices in its cloud business.
- In December of 2025, the [House of Representatives passed](#) the bipartisan SAMOSA Act, which directs agencies to assess current software inventory and management of contracts and licenses.
- In 2024, the [GAO issued a report](#) recommending federal agencies implement policies to lessen the effect of restrictive software practices, estimating *annual savings of over \$750M*.

[Amdt. 2167](#) of the 2023 National Defense Authorization Act (NDAA) called for an investigation into the impact of restrictive software licensing on the Defense Department.

## Who supports Fair Software Licensing legislation?

FSL is supported by numerous technology industry associations, including:



**Computer & Communications  
Industry Association**  
Open Markets. Open Systems. Open Networks.



**Coalition for  
Fair Software  
Licensing**



SENATOR JESSE KIEHL

April 21, 2026

TO: Representative Fields, co-chair  
Representative Hall, co-chair  
House Labor & Commerce

FROM: Senator Jesse Kiehl

RE: SB 258 Calendaring Request

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I respectfully request you calendar SB 258, which protects Alaska's state and local governments from restrictive software licensing terms that limit where they may run critical applications. This bill ensures government entities retain the authority to decide where to host their software based on budget, security, and operational needs, promoting competition, fiscal responsibility, and local control.

I've attached the bill, sectional analysis, sponsor statement, fiscal note, and supporting documents.

If you have any questions, please contact Honour Miller-Austin (907)465-6419 or [honour.miller-austin@akleg.gov](mailto:honour.miller-austin@akleg.gov)

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