

Senate Finance / Department of Revenue Subcommittee
Subcommittee Members: Sen. Kiehl, Sen. Kawasaki, Sen. Dunbar, Sen. Yundt

Narrative Closeout Report
April 15, 2025

RECOMMENDATIONS:

The Senate Finance Budget Subcommittee for the Department of Revenue submits the following FY26 recommendations to the Senate Finance Committee:

Fund Group: (dollars are in thousands)	Senate Sub
Unrestricted General Funds (UGF)	32,475.1
Designated General Funds	14,043.9
Other Funds	1,524,219.2
Federal Funds	92,952.6
TOTAL FUNDS	1,663,690.8

Positions:	
Permanent Full-time	831
Permanent Part Time	24
Temporary	21
TOTAL POSITIONS	876

BUDGET ACTIONS:

Recognizing the constraints on state revenue, the Senate Finance Subcommittee denied requests for General Fund increments. The Subcommittee made no general fund additions to the Governor's amended budget.

Department of Revenue Amended Budget Request:

The Senate Finance Subcommittee accepted some items requested in the Governor's Amended budget. These items include:

- 154.7 funded from the Retirement Trusts to cover cost increases for investment data services.
- 116.9 in PFD funds—half the requested amount—to pay for higher staff costs at the PFD Division.
- 1,067.0 Federal receipts and 600.0 AHFC receipts to fund cost increases at the Alaska Housing Finance Corporation for software, insurance, and security services.

Organizational Changes:

- The Subcommittee approved all structural changes related to the establishment of new Facilities Operations and Maintenance allocations.
- The Subcommittee increased transparency and imposed accountability by splitting the Alaska Permanent Fund Corporation into seven appropriations. The appropriations are: Personal Services, Board of Trustees, Human Resources and Communications Services, Information Technology and Software Licensing, Juneau Facilities Maintenance and Operations, Anchorage Office, and Investment Management Fees.

Additional Subcommittee Changes:

The Senate Finance Subcommittee made a number of changes to provide more transparency in budgeting:

- Reflect the investment management fees paid out of the gross funds of the retirement trusts by the Alaska Retirement Management Board. These fees are currently paid outside of, and not visible in, the budget process.
- Reflect the investment management fees paid out of the gross funds of the Permanent Fund, the Mental Health Trust, and the Power Cost Equalization Endowment by the Alaska Permanent Fund Corporation. These fees are currently paid outside of, and not visible in, the budget process.
- Reflect the gross funds from the Alaska Mental Health Trust and Power Cost Equalization Endowment used to operate the Alaska Permanent Fund Corporation. These funds are currently being mischaracterized as gross funds from the Permanent Fund.

The Senate Finance Subcommittee made several reductions:

- Reduce 932.6 UGF and delete six vacant positions in the Tax Division. None of these positions are in the oil & gas sections.
- Reduce 210.5 UGF from the Commissioner's office to delete a vacant temporary policy analyst and reduce Commissioner's office travel.
- Reduce 54.2 UGF to fund only six months of a currently unfilled position at the Alaska Sustainable Energy Corporation.
- Reduce the Alaska Permanent Fund Corporation's budget by 17,693.4 PF Gross, excluding fees paid out of investments. The majority of the reductions remove excess, unneeded budget authority. There are material reductions in the following areas:
 - Reduce the staffing level for non-investment administrative staff by 10%.
 - Remove funding for the unauthorized second office and associated travel.
 - Reduce Board of Trustees' travel.
 - Remove funding for an international communications contract piloted in FY25.

The Senate Finance Subcommittee added the following intent language:

- The Alaska Housing Finance Corporation shall study housing development in the Chester Creek area.

Recommendations to the Finance Committee:

For transparency, we recommend the full Finance Committee reflect the cost of maintaining the Mental Health Trust Authority Office—currently paid out of gross funds from the Mental Health Trust by the Trust Land Office—in the Department of Natural Resources’ budget.

We recommend the full Finance Committee consider accepting the governor's request for 144.0 GF/MH to add a long-term care ombudsman position. With Alaska’s growing senior population, this office has a growing number of complaints and needs an additional position to handle the workload.

ATTACHED REPORTS

The Senate Finance Subcommittee for the Department of Revenue adopted the attached Budget Action Report and Wordage Report for the Department of Revenue. This report incorporates agency totals, transaction comparisons for the FY25 Management Plan to the Senate Subcommittee recommendation, FY26 Adjusted Base to the Senate Subcommittee recommendation, and FY26 Governor’s Amended Budget to the Senate Subcommittee recommendation.

Respectfully Submitted,

Senator Jesse Kiehl