

HOUSE FINANCE COMMITTEE
March 25, 2025
1:38 p.m.

[1:38:32 PM](#)

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative DeLena Johnson
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Alexander Schroeder, Staff, Representative Andy Josephson;
Alexei Painter, Director, Legislative Finance Division; Ken
Alper, Staff, Representative Andy Josephson; Representative
Julie Coulombe; Representative Justin Ruffridge;
Representative Bill Elam.

PRESENT VIA TELECONFERENCE

Megan Wallace, Chief Counsel, Legislative Legal Services.

SUMMARY

HB 53 APPROP: OPERATING BUDGET; CAP; SUPP

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 APPROP: MENTAL HEALTH BUDGET

HB 55 was HEARD and HELD in committee for further consideration.

HB 56 APPROP: SUPPLEMENTAL; FUND CAP

HB 56 was HEARD and HELD in committee for further consideration.

Co-Chair Josephson reviewed the agenda.

#hb56

HOUSE BILL NO. 56

"An Act making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

[1:41:00 PM](#)

Co-Chair Josephson reviewed the call in numbers for public testimony. He recognized Representatives Julie Coulombe and Justin Ruffridge in the room.

Co-Chair Josephson OPENED public testimony.

Co-Chair Josephson CLOSED public testimony.

HB 56 was HEARD and HELD in committee for further consideration.

#hb53

#hb55

HOUSE BILL NO. 53

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making supplemental appropriations; making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 55

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; and providing for an effective date."

[1:42:29 PM](#)

Co-Chair Josephson reviewed four amendments he intended to offer. Amendment 1 would fold in collective bargaining unit salary adjustments. Amendment 2 included intent and conditional language and structure change. He noted that many of the items had been recommended by the subcommittees. He stated that Amendment 3 was to the HB 55 language section and was fairly perfunctory. Amendment 4 included his proposed language section changes to HB 53. He noted that members had received a copy of bluelined and redlined versions of the previous draft (copy on file).

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Co-Chair Josephson asked his staff to come to the table.

Co-Chair Josephson MOVED to ADOPT Amendment 1 (copy on file).

Representative Stapp OBJECTED for discussion.

Representative Hannan remarked that Amendments 1, 2, and 4 were all to HB 53, but Amendment 3 was to HB 55.

Co-Chair Josephson agreed.

Representative Hannan asked for verification that Amendment 3 was a simple amendment to HB 55.

Co-Chair Josephson agreed.

Representative Johnson stated her understanding the committee would hear public testimony followed by the first three amendments.

Co-Chair Josephson clarified that the committee had already taken public testimony [on HB 56].

Representative Johnson thought the committee would take up the first three amendments and hear about the fourth but take no action on the fourth during the current meeting.

Co-Chair Josephson explained that the idea was to orient committee members to the topics in the [first four amendments]. His staff and the Legislative Finance Division (LFD) were prepared to help explain the amendments. He added that the committee would also talk about ways "to amend this" that were not inconsistent with an email members received the previous evening. He relayed they would be considering amendments in the current meeting first by explanation and orientation. He believed two were perfunctory, but others may disagree. The committee may or may not adopt any amendments in the current meeting. The committee would hear member amendments beginning the following day.

[1:47:51 PM](#)

Co-Chair Josephson asked his staff to explain Amendment 1.

ALEXANDER SCHROEDER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, reviewed Amendment 1. The amendment included an 11 percent cost of living adjustment for the Alaska Correctional Officers Association salary adjustments in the amount of \$14,393,500; a salary adjustment for the Teacher's Education Association of Mt. Edgumbe in the amount of \$167,500; and a salary adjustment for United Academics members in the amount of \$3,176,600. The overall cost for the salary adjustments was \$17,737,600 in unrestricted general funds (UGF).

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Representative Stapp thought it looked like fairly standard contractual adjustments to collective bargaining agreements. He thought the agreements had concluded at or close to the end of the previous year. He asked for verification that "this was coming in one of the governor's amend."

Mr. Schroeder agreed.

Representative Stapp wondered why the funding had not been included in the governor's budget at the beginning of the

year if the contract was complete the previous year. He supported the amendment, which he viewed as perfunctory.

Mr. Schroeder deferred the question to LFD.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, replied that the three contract negotiations were concluded in the current year. The statutory deadline was day 60 [of session] and the contracts had concluded within that timeframe. He elaborated that the correctional officers' contract date expired at the beginning of the current fiscal year as an agreement had not been reached by that time. The agreement had been reached through arbitration in January, which was the reason it was not part of the governor's original budget.

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Representative Stapp WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[1:51:07 PM](#)

Co-Chair Josephson MOVED to ADOPT Amendment 2 (copy on file):

Amendment 2 - HB 53 and HB 55 Sec. 1 Wordage Amendments

Agency: Department of Commerce, Community and Economic Development

Economic Development

Intent

It is the intent of the legislature that these positions be used to promote business, economic, and job development in emerging sectors, facilitate engagement between the State and new businesses, and engage in other work that supports innovation and entrepreneurship in Alaska. It is the further intent of the legislature that the Department provide a report on December 20, 2025 to the Co-chairs of the Finance committees and to the Legislative Finance Division containing information on these positions, including Position Control Number, job description, recruitment status, and a status report on any

completed or in-progress initiatives undertaken by the holders of these positions.

Alaska Oil and Gas Conservation Commission
Intent

It is the intent of the legislature that the Alaska Oil and Gas Conservation Commission prepare and submit a report to the Co-chairs of the Finance committees and the Legislative Finance Division by December 20, 2025. The report shall include a timeline that includes key goals and milestones for the carbon storage project and an estimated date of the revenue realization point.

Representative Stapp OBJECTED for discussion.

Mr. Schroeder explained that the amendment included all the subcommittee intent and conditional language. The amendment also included intent language for the Alaska Permanent Fund Corporation (APFC) related to the Anchorage office.

Representative Johnson remarked that subcommittees had been given instruction against adding intent language. She observed the amendment pertained to intent language and she thought it was unusual. She asked why there was intent language through a subcommittee process.

Co-Chair Josephson explained that the subcommittees were allowed to recommend intent language, but it was not adopted through the reports. He did not know how including the language in the amendment was different than adopting it through the reports. He did not know whether it was cultural. Essentially, the subcommittees were not given the jurisdiction to dispose of matters through intent language in their subcommittee reports.

Mr. Schroeder added that part of the reason the intent language had not been folded in was to give LFD more time to look over any of the recommendations and clarify the language in a way that would capture the intent of the recommendations. The language was coming in the form of an amendment rather than being a part of the committee substitute (CS) itself.

Co-Chair Josephson added, "Or, in fact, the subcommittee reports."

Mr. Schroeder agreed.

Co-Chair Josephson would not ask for a vote on the amendment during the current meeting. He suggested that committee members may have amendments. For example, there were strong feelings about the Alaska Permanent Fund Corporation (APFC) opening an Anchorage office. He noted it was a matter taken up in the amendment packet.

Representative Stapp asked for the highlights of the amendment.

Co-Chair Josephson asked his staff to review the amendment.

Mr. Schroeder asked if there were specific items the committee was interested in.

Representative Stapp asked about intent language for Medicaid Services modeling on page 6 [of the amendment detail] and a temporary increment on page 7.

Co-Chair Josephson asked Mr. Painter to come to the table.

[1:55:46 PM](#)

Mr. Painter asked for a repeat of the question.

Representative Stapp asked about intent language on page 6 regarding childcare benefits. He read the proposed intent language:

It is the intent of the legislature that child care funding be used to expand capacity in the child care sector, including through direct support for the workforce, innovation grants including but not limited to expansion of facilities, and matching funds to leverage local contributions.

Representative Stapp understood the idea but asked about the practicality. He wondered if it meant the state was giving the money to a third party for distribution or if the distribution would occur directly through the Department of Commerce, Community and Economic Development (DCCED).

Mr. Painter believed it was more of a policy question.

Representative Stapp looked at a Medicaid Services item on page 7 pertaining to a temporary increment for clinical behavioral health services. He knew the department was creating its rebasing methodology regarding behavioral health and looking to go through an amend process. He was uncertain whether it fell under the existing 1115 waiver. He asked about the mechanics behind a temporary increment in Medicaid Services. He wondered if they would have to amend the state plan temporarily for two years in order to do so.

Mr. Painter believed it did not require a plan amendment because it was general funds, but he would follow up.

Representative Bynum requested to take Amendment 2 up the following day.

Co-Chair Josephson WITHDREW the motion to adopt Amendment 2 for consideration the following day.

[1:58:52 PM](#)

Co-Chair Josephson MOVED to ADOPT Amendment 3, 34-GH1459\I.1 (Marx, 3/22/25) (copy on file):

Page 14, line 21, following "unit":

Insert";

(5) Alaska Correctional Officers Association, representing the correctional officers unit;

(6) Teachers' Education Association of Mt. Edgecumbe, representing the teachers of Mt. Edgecumbe High School"

Page 14, line 29, following "Association/UAW":

Insert ";

(4) United Academics - American Association of University Professors, American Federation of Teachers"

Representative Stapp OBJECTED.

Mr. Schroeder explained the amendment included language for the collective bargaining units and granted the authority in the language section to appropriate the salary adjustments to the numbers section.

Co-Chair Josephson asked if the items would be embedded in HB 53 and HB 55.

Mr. Schroeder agreed.

Representative Stapp stated that mechanically he did not understand. He thought the amendment should be Amendment 1 to HB 56 [HB 55]. He believed the amendment needed to be adopted separately in each of the bills.

[2:00:20 PM](#)

Mr. Painter clarified that it was typical for the committee to hear the operating budget bills and amendments to the two bills simultaneously. He explained that many amendments had impacts on both bills. It was possible to use mental health funds and non-mental health funds in one amendment. He elaborated that each bill had an independent language section, and it was unusual to have language amendments to the mental health bill. He noted that language amendments to the mental health bill were typically done in a CS, but under the current circumstance it was being done through an amendment. He noted that amendments to the numbers section typically touched both bills.

Representative Stapp asked how to vote on one amendment that was adopted in two bills.

Mr. Painter explained that Amendment 3 only touched HB 55. The matching language was included on pages 25 and 26 of Amendment 4 for HB 53.

Representative Stapp was amenable to the process as long as Mr. Painter indicated it was doable.

[2:01:50 PM](#)

Representative Hannan asked for clarity about Amendment 3 pertaining to HB 55. She stated her understanding that the amendment did not repeat the dollar values, it just affirmed that the legislature was funding the contracts funded in HB 53 in Amendment 1.

Mr. Painter answered that the situation was a little unusual in that there was not funding for the specific bargaining units in HB 55. Typically, the goal was to include same list of bargaining contracts in the two bills regardless of whether there was specific funding in either bill to avoid the error of missing one in one of the bills.

The funding was contained in the numbers section. The amendment added the unions to the list of bargaining units that the funding in the first section applied to. He stated it was a little odd in that there was not funding in the mental health bill for the item but keeping the sections together reduced errors.

Representative Stapp WITHDREW the OBJECTION.

There being NO further OBJECTION, Amendment 3 was ADOPTED.

[2:03:19 PM](#)

Co-Chair Josephson MOVED to ADOPT Amendment 4, 34-GH1462\I.1 (Marx, 3/21/25) [note: due to the length of the amendment it is not included here. See copy on file for detail].

Representative Stapp OBJECTED.

Co-Chair Josephson asked for an explanation of the amendment.

Mr. Schroeder relayed that he would refer to page and line numbers in the inline [redline] document provided in members' packets (copy on file).

Co-Chair Josephson asked for verification that the document was labeled Amendment 4 backup.

Mr. Schroeder noted that it may be marked as HB 53 language inline [document was labeled "Redline-Language Section (backup to Amendment 4)].

[2:03:57 PM](#)

Mr. Schroeder began on page 59, lines 1 through 9 of the redline document, which deleted Alaska Seafood Marketing Institute (ASMI) funding, which had been moved to the fast track supplemental budget. Additionally, the Alaska Energy Authority (AEA) had been moved from the language section to the numbers section. He moved to page 61, lines 4 through 13 [Section 8, subsection (b)] that added a new subsection under the Alaska Industrial Development and Export Authority (AIDEA). He explained that like the Alaska Housing Finance Corporation (AHFC), the subsection appropriated AIDEA's interest earnings, loan fees, and

other receipts to AIDEA and allowed the corporation to transfer money between its funds. There was no material difference to AIDEA's receipt authority. He detailed that it was standard appropriation language giving a state agency the legislative approval for its funds to be appropriated.

Co-Chair Josephson asked members to ask questions if needed.

Representative Johnson referred to redacted language and asked for an explanation.

Mr. Schroeder answered that the redaction pertained to the APFC section. He explained that the amendment did not pertain to the specific language; therefore, it had been removed from the document.

Representative Johnson asked what it addressed.

Mr. Schroeder responded that the language pertained to the APFC section in the language section of the bill and addressed how the money was appropriated.

Co-Chair Josephson asked for verification that the redaction meant the language remained in CS1.

Mr. Schroeder agreed.

Mr. Schroeder continued his review of Amendment 4. He moved to page 63, line 15. The amendment modified the section [Section 11, subsection (b)(1)] to refer to Department of Law (DOL) rather than Department of Administration (DOA). He explained it was a technical fix in accordance with the administrative order in 2024 that transferred labor relations functions to DOL.

Co-Chair Josephson noted it was a topic that had been discussed extensively in numerous committees.

Mr. Schroeder continued his review of Amendment 4. He pointed to page 63, lines 28-29 [Section 11, subsection (b)(3)]. The language requested that the administration notify LFD if a letter of agreement was terminated before the termination date specified in the letter of agreement.

[2:07:46 PM](#)

Co-Chair Josephson stated it was something noted by Representative Hannan earlier that made its way into the amendment.

Mr. Schroeder moved to page 66, lines 18-21 [Section 13, subsection (i)]. A new section was added with an additional community assistance distribution of \$6,666,700. He elaborated that it would result in a total distribution of \$30 million when added to the distribution based on the June 30, 2025 balance of the Community Assistance Fund. He detailed that it was a direct appropriation according to formula, but instead of going to fund it was directly appropriated to its purpose. He noted it was based off of the previous year's budget language.

Mr. Schroeder moved to page 66, lines 18 through 21 that added a new section with an additional community assistance distribution of \$6,666,700. When added to the distribution based on the June 30, 2025, balance of the Community Assistance Fund, the funding would result in a total distribution of \$30 million. He elaborated that it was a direct appropriation according to the formula, but instead of going to the fund it would be directly appropriated to its purpose. The item was based off of FY 25 budget language. He advanced to page 66, lines 22 through 28, which added a new section appropriating NRA [National Rifle Association] license plate funds to a DCCED grant for scholastic clay target programs. He noted there was similar language in the operating budget the previous year.

Mr. Schroeder moved to page 67, lines 25 through 31 where a new section was added with contingency language for a \$1,000 Base Student Allocation (BSA) increase from statutory formula in the event that HB 69 [separate legislation that would increase the BSA] did not pass or passed with a BSA increase under \$1,000. The language was constructed to mirror the budget the previous year.

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AT EASE

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RECONVENED

Co-Chair Josephson asked Mr. Schroeder to continue his explanation of Amendment 4.

Representative Bynum asked for a restatement of the section.

Mr. Schroeder complied. A new section was added on page 67, lines 25 through 31 with contingency language for a \$1,000 BSA increase from statutory formula in the event that HB 69 did not pass or passed with a BSA increase under \$1,000. The language was constructed to mirror the budget the previous year.

Co-Chair Foster asked for verification it would be a one-time increment instead of in the base under HB 69.

Mr. Schroeder agreed.

Co-Chair Josephson remarked that in the recent past there had been one-time funding that mirrored a BSA bill. The increment in the amendment was one-time funding that mirrored a current BSA bill that was adopted and passed by the House 24/16. He added the increment would make up the difference if HB 69 came in at a lower amount - subject to a veto - and would provide one-time funding up to \$1,000.

Mr. Schroeder agreed.

Representative Bynum highlighted that HB 69 was in the Senate and currently included a permanent BSA increase of \$1,000. If for some reason the bill were to be amended to something lower (e.g., \$680), the amendment meant the additional funding [up to \$1,000] would be a one-time funding increment.

Co-Chair Josephson agreed. He added that districts did not believe a one-time increment would be as meaningful.

[2:13:46 PM](#)

Representative Stapp understood the language section amendment regarding contingency language for a \$1,000 BSA increase. He thought the money had to be in the numbers section of the bill under the appropriation to the foundation formula.

Co-Chair Josephson answered no because there may not be an appropriation to the foundation formula. He was confident

the \$680 [to the BSA] in previous years was in the language section. He asked Mr. Painter to elaborate.

Mr. Painter answered that typically outside the formula funding went in the language section because it was an estimated amount (the student count was not yet known). The numbers section included a small part of the foundation formula including federal and other funds. The remaining funding happened as a fund capitalization in HB 53. He elaborated that if a substantive bill passed, the amount "estimated to be" would increase. The amendment would pay the outside of the formula amount; it was included in the language section because the actual dollar value needed to get to a \$1,000 BSA increase was not known because the student count was unknown.

Representative Stapp saw that the additional appropriation was appropriated from the general fund. He thought there did not appear to be enough general funds to make the additions. He asked what to do with a budget that did not have sufficient general funds to appropriate general funds.

Mr. Painter replied that there was a section for the Constitutional Budget Reserve (CBR) that called for an additional draw. He added that similar language could be added in conference committee. He explained that each body of the legislature did not have to pass a balanced budget; it was the entire body of the legislature that was required to pass a balanced budget.

[2:16:17 PM](#)

Mr. Schroeder moved to a new section on page 68, lines 1 through 4 increasing the pupil transportation formula with an amount of \$6,781,200, a 10 percent increase over the statutory formula, in case HB 76 or an equivalent piece of legislation modifying the pupil transportation formula did not pass. He noted it was based off of the prior year's budget language.

Co-Chair Josephson asked for verification it was one-time funding.

Mr. Schroeder agreed.

Co-Chair Josephson asked for verification that HB 69 did not address transportation funding. He noted that he was receiving visual confirmation that was the case.

Mr. Schroeder responded that he did not have the answer at present.

Mr. Schroeder moved to a new subsection [Section 21, subsection (d)] on page 70, line 31 through page 71, line 5 for a \$5,000,000 backstop appropriation to the Alaska Marine Highway System (AMHS) in the event that federal funds fell short.

Co-Chair Josephson believed the other body was currently discussing investing \$10 million in backstop funding.

Mr. Schroeder replied that he believed the Senate's budget included a \$10 million appropriation.

Co-Chair Josephson remarked that it would be a conferenceable item.

[2:18:29 PM](#)

Mr. Schroeder moved to page 73, line 21 showing an adjusted debt service from \$2,403,900 to \$144,127. He explained that it was a technical adjustment matching FY 24 and prior language. The change resulted in a savings of \$2,259,773 UGF. He detailed that the calculation error was caused by taking the full amount owed instead of the annual payment for the debt.

Co-Chair Josephson recognized Representative Elexie Moore in the room.

Representative Tomaszewski asked what happened to a committee substitute 2. He thought it seemed they were doing a lot of work that could have easily been rolled out into a CS2. He asked why the process was being done in the current way.

Co-Chair Josephson answered that it was a work product question. He replied that it was the method that had been chosen. He relayed that if the amendment was adopted, it virtually resulted in CS2. He stated the committee was well into the discussion on the amendment and it would likely have had the discussion anyway. He thought the discussion

had value. He believed the current process was more transparent than introducing a CS2.

Representative Tomaszewski thought it would have been easier and a better process. He believed committee members were fumbling along to understand the changes.

Co-Chair Josephson replied that he was not seeing a lot of fumbling along.

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Representative Hannan remarked that instructions had been given for members to make amendments to CS1. She noted that if the committee were to adopt a CS2 during the current day, the amendments would be inappropriately drafted. She noted that an amendment deadline had been given for CS1 not CS2.

Representative Bynum clarified a CS2 had not been presented to make amendments on. He stated that there had not been a CS2 released for review or consideration.

Co-Chair Josephson agreed.

Representative Bynum asked about page 61 for clarity. He noted there were blackouts [redactions]. He was not certain whether something was blacked out for a purpose. He had not seen the particular arrangement on documents other than things that were blacked out for purposes of confidentiality. He wanted to ensure it was benign.

[2:23:34 PM](#)

Mr. Schroeder replied that page 1, line 5 of the amendment deleted all of the material between page 55, line 1 through page 57, line 3 and page 57, line 23 through page 82, line 1. The break in the two sections was the redacted portion. He explained that the redacted portions were not addressed in the amendment. The section pertained to APFC. He detailed that if the amendment were adopted, it would include the original language from CS1 for APFC.

[2:24:31 PM](#)

Representative Stapp asked if Co-Chair Josephson had talked to Legislative Legal Services about the implications of

adopting numerous language section amendments to the CS and trying to amend other language section amendments later. He thought it would create numerous potential problems.

Co-Chair Josephson deferred the question to Mr. Schroeder.

Mr. Schroeder replied that in his conversations with Legislative Legal, if the amendment were to be adopted and any other amendments were subsequently adopted, the subsequent amendments would supersede Amendment 4. He deferred to Legislative Legal for clarification.

[2:26:14 PM](#)

MEGAN WALLACE, CHIEF COUNSEL, LEGISLATIVE LEGAL SERVICES (via teleconference), responded that if Amendment 4 was adopted it would substantially impact almost all of the language section in the bill. She stated that members would procedurally have a few options. Members could make amendments to the amendment. Alternatively, it was likely a member may have a subsequent amendment to CS1 during the amendment process that impacted the same sections as Amendment 4. She explained that the impact would be on an amendment-by-amendment basis with respect to the adoption of Amendment 4. She elaborated that in the case of language amendments adding new language that was not in either amendment, it was clear the new language could be included because there was no conflicting language. However, if the amendments conflicted or attempted to amend appropriations in different amounts those would not be considered "harmonious." She explained that through Uniform Rule 10, the drafting manual controlled the drafting of bills and amendments. The manual specified that if multiple amendments that were not harmonious were adopted, the last adopted amendment superseded amendments previously adopted. She stated it was a little confusing, but not totally uncommon for a committee to adopt multiple amendments that were not harmonious. She recommended that if members offered future amendments on the same subject as Amendment 4, the committee's intent should be clearly stated for the record.

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Representative Stapp found the answer a little confusing. He asked about a scenario where the language amendments proposed in the current meeting passed and the following

day he offered amendments, some of which were adopted. He asked if it was acceptable. He asked for verification that Ms. Wallace had stated that in the event of a conflict, the last amendment to be adopted would supersede prior amendments.

Ms. Wallace replied affirmatively. She noted that the answer may differ if something very complicated was presented to the committee. In general, if a language amendment was adopted after the adoption of Amendment 4, the second amendment would control if it conflicted with the language in Amendment 4.

Representative Bynum noted that members currently had staff working hard to accommodate the amendment deadline. He remarked that if Amendment 4 was adopted there could be a case where it created a domino effect where it pushed things around in the bill. He assumed if there was an amendment with the same topic and intent, the last amendment adopted would supersede the prior amendment [in the case of conflict]. He asked about a scenario where he had an amendment that pointed to a section that was no longer in the bill or in addition. He asked how that situation would be handled.

Ms. Wallace responded to the hypothetical scenario provided by Representative Bynum. Representative Bynum's amendment would not necessarily be in conflict with Amendment 4. She explained that if the amendment required conforming changes to ensure it was put in the correct location in the bill, technical changes were generally made through the engrossment process. She elaborated that the committee typically gave Legislative Legal the power to make technical and conforming changes. She noted that even without that specific language, Legislative Legal would typically work both amendments into the bill in a way that they worked together and were not inconsistent with one another.

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Representative Hannan pointed out that all of the amendments, including the extensive Amendment 4, were to CS1. She clarified that it would not be a new version of the bill because some of the amendments had been considered. She explained it would still be CS1 the following day when more amendments were offered. She noted

that typically the committee included language [giving Legislative Legal the ability to make] conforming language changes. She reiterated that the adoption of Amendment 4 would not make the CS an amended version until the bill was reported from committee.

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Mr. Schroeder continued to review Amendment 4. He addressed page 73, line 30 that adjusted the debt service from \$460,839 to \$26,268. He explained that it was a technical adjustment matching FY 24 and prior language, reflecting a savings of \$434,571 UGF. The calculation error was caused by taking the full amount owed instead of the annual payment for the debt. Page 77, lines 5 through 9 restricted the Legislative Budget and Audit Committee to address Revised Programs Legislative (RPL) related to the Alaska Gasline Development Corporation (AGDC). He noted the language identical to language in the FY 25 operating budget.

Co-Chair Josephson asked if the identical language pertained to AGDC.

Mr. Schroeder answered it was the verbatim AGDC language from the FY 25 budget.

Mr. Schroeder moved to page 78, lines 9 through 16 that reduced the Public Education Fund capitalization by \$5,285,600 UGF to accurately reflect statutory amount necessary when added to the projected balance of the fund. He noted that a similar adjustment was made in the FY 25 budget.

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Mr. Schroeder moved to a new subsection [Section 27, subsection (n)] on page 82, lines 28 through 30 for Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Program Partnership repayments. The subsection appropriated the funds to the Higher Education Investment Fund. The section was based off of FY 25 language, which was vetoed by the governor. He turned to page 83, lines 25 through 28 that added collective bargaining agreement salary adjustments to the Alaska Correctional Officers Association's and Teacher's Education Association of Mt. Edgecumbe's. He noted it was a governor's item.

Additionally, page 84 added salary adjustments for United Academics.

Mr. Schroeder moved to page 86, line 23 through page 87, line 10 where a special appropriations section was added. The section included "kicker" language in the event there was a surplus in revenue for FY 26 up to \$700 million. He detailed that 50 percent would go to energy relief payments and 50 percent would go to the budget reserve fund.

Co-Chair Josephson referenced the term "kicker" and explained that in the event of a substantial spike in oil prices, there would be an addition to the Permanent Fund Dividend (PFD) in calendar year 2026.

Mr. Schroeder agreed.

Co-Chair Josephson stated that term kicker meant increase.

Representative Galvin stated her understanding that if oil prices spiked any additional dollars would be split evenly between the CBR and energy relief. She needed clarity about the terms.

Mr. Schroeder asked for a repeat of the question.

Representative Galvin highlighted the language at the top of page 87 pertaining to a one-time energy relief payment. She noted that Co-Chair Josephson used the word Permanent Fund. She stated her understanding that PFD recipients would receive the extra funding in the form of an energy relief check.

Co-Chair Josephson answered that the funds would be split up to a certain amount, which he believed was \$7 billion in total revenue.

Co-Chair Josephson asked for his staff Ken Alper to come to the table to elaborate.

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KEN ALPER, STAFF, REPRESENTATIVE ANDY JOSEPHSON, clarified that the money would not be received in a separate check. He highlighted that the PFD received in 2024 was \$1,702, which was comprised of about \$1,350 for the PFD and ~\$300 for an energy relief payment. The structure Amendment 4 was

modeled after what had been done in the past two or three years. The trigger number was \$6.3 billion, which was about \$170 million greater than the spring forecast. He noted that the formula had been followed in the past approximately. He explained that the \$700 million between \$6.3 billion and up to \$7 billion would be split evenly between the 2026 PFD (roughly \$500 per person) and the Statutory Budget Reserve (SBR). Any funds above \$7 billion would flow automatically to the CBR.

Representative Galvin asked about taxation on the dollars. She recalled that in the past there had been question about taxation. She noted that around 20 years back PFD recipients had received an additional check. She explained that the energy relief payment had not been taxed. She asked if any additional check would be considered the same as a PFD for tax purposes.

Mr. Alper replied that there had been three of the payments over the years. The first was during the Palin administration and was an incremental \$1,200 and called an energy bonus. The second one had been received during the COVID-19 pandemic. He recalled there had been an order from the Department of Revenue that specified the energy relief portion would not be taxable. He did not know precisely why and what the federal tax reason was. He noted that it may have been specific to something that happened during COVID. He did not recall any similar language or instruction pertaining to the \$300 energy bonus received in 2024.

[2:45:20 PM](#)

Co-Chair Josephson asked if the legislature adopted a 75/25 PFD that it would be more than the PFD paid in 2024.

Mr. Alper answered that the PFD the prior year was based on the 75/25 structure plus the energy bonus from the prior year. He elaborated that a 75/25 PFD in 2025 would be slightly higher estimated at about \$1,440; it had been about \$1,350 or \$1,360 in 2024. He detailed that the \$1,700 total had been a combination of the \$1,360 PFD and the energy bonus passed in 2023. He concluded that a 75/25 PFD would be smaller than the 2024 combined PFD, but larger than the appropriated 75/25 amount.

Co-Chair Josephson stated that one could argue it was nomenclature, but in a technical sense he understood what Mr. Alper was saying.

Mr. Alper remarked that when the creation of the percent of market value (POMV) in HB 26 passed in 2018, the first POMV draw was a bit over \$2.7 billion, while six to seven years later, it was \$3.8 billion. There was collective benefit from the overall growth in the Permanent Fund value; therefore, 5 percent of the lookback formula was getting a bit larger every year.

Co-Chair Foster stated that the forecasted oil price for FY 26 was \$68 per barrel. He asked what the oil price would have to be in order for the kicker to take effect.

Mr. Alper replied that the spring forecast for FY 26 was \$68. The current expected total revenue was \$6.13 billion. The revenue would have to be \$170 million above the projected \$6.13 billion [in order for the kicker to go into effect]. He detailed that \$1 in the price of oil was in the \$30 million to \$40 million range. He estimated that a price of \$73 started getting into the kicker space. The \$700 million above the projected revenue would perhaps be another \$15 or so dollars more [above \$73 per barrel]. The money that came to the state between oil prices of \$73 and \$88 would go to the supplemental payments.

Representative Bynum remarked that the term energy relief in no way brought energy relief to all of Alaska. He stated that the money was only tied to the PFD. He explained that if the high oil prices occurred, PFD recipients would receive the additional money. He highlighted that it in no way relieved residents from the increasing cost of gas and electricity.

Co-Chair Josephson stated that in other words it was not full relief.

[2:49:12 PM](#)

Representative Johnson remarked that it helped people offset their energy costs. She relayed that based on her research, energy relief was taxable.

Mr. Schroeder turned to page 87, lines 11 through 18 that added CBR language to cover the amount necessary for all FY 26 expenditures.

Representative Stapp asked how much was needed from the CBR to cover the current budget.

Co-Chair Josephson replied that the amount exceeded \$2 billion.

Mr. Painter replied that the answer depended on the capital budget, which was not currently before the committee. He detailed that the current CS1 included a statutory PFD of \$2.5 billion matching the governor's proposed operating budget. He elaborated that including the governor's capital budget of \$294 million, the governor's budget had a deficit of about \$1.65 billion. Adding \$250 million in outside the formula education funding would result in a deficit of roughly \$1.9 billion.

Representative Stapp asked about the logic behind kicker language of oil prices going up \$73 or \$86 "in some sort of fantasy" where there was a 50/50 split [of the funds] and \$2 billion was taken out of the CBR and potentially \$300 million was put back in. He asked why the committee would consider those things. He did not understand the two language sections. He remarked that on one hand the budget would do a large CBR draw of \$2 billion and on the other hand the budget specified that if oil price went up in some legislative fantasy, some of the money might be put back.

Co-Chair Josephson responded that the question illustrated the dilemma that the House would correct the math error in order for the budget to balance. He thought there was a sense amongst the Alaska people that when the state did well, the people should do well. He observed there was a tradition or culture of recognizing that sentiment where a [energy relief] payment had been made to Alaskans several times and the budget reflected that. He stated it was unlikely to occur, but it could. He remarked that while high oil prices had been seen, they typically did not sustain themselves for 12 months.

Representative Stapp asked about the logic behind removing the CBR draw language in CS1 and amending it back in. He highlighted that the CBR draw language existed in the original budget. He stated there had been many people in

the majority of both bodies who had stated on the record they would not approve a CBR draw.

Co-Chair Josephson agreed the other body had stated it did not want a CBR draw other than the supplemental. He believed the Senate would take up a bill much like HB 56. He stated that part of the question about whether a CBR draw was needed was answered by the BSA. He noted it was a dynamic process.

2:54:37 PM

Representative Stapp stressed that Co-Chair Josephson had taken out the language from the CS and now he was asking to put it back in. He wondered why.

Co-Chair Josephson replied that he did not want to get into discussions he had with the other body.

2:55:19 PM

AT EASE

2:55:44 PM

RECONVENED

Representative Johnson stated she had been shut down numerous times. She remarked that she was not trying to be contentious, but there was nothing wrong with having a robust debate. She thought at some point they needed to talk about what was going on.

Co-Chair Josephson replied that he had taken his current position on the 21st of January. He asked if he had shut her down.

Representative Johnson responded that Co-Chair Josephson had not particularly shut her down, but she had been shut down as a minority member on the floor and had been told not to talk about a number of things. She wanted to stand up for an open process and not having the conversation off the record.

Co-Chair Josephson answered that the record reflected that he declined to answer the question [asked by Representative Stapp prior to the at ease].

Representative Bynum asked for verification that the CBR language being added in Section 33 was general language put in place to balance the budget and was not tied to any one specific thing.

Co-Chair Josephson agreed.

[2:57:24 PM](#)

Co-Chair Josephson recognized Representative Bill Elam in the room.

Representative Tomaszewski asked about a math error that Co-Chair Josephson had referenced related to the Permanent Fund. He asked if Co-Chair Josephson had stated the other body would fix the math error or if there was language in the amendment to fix the math error.

Co-Chair Josephson replied that the budget delivered by the governor was not balanced. He relayed that in the coming days the committee would have a robust discussion to put the budget in a position where the CBR did not have to be more than halved.

[2:58:31 PM](#)

Representative Galvin looked forward to the discussion and believed there were difficult times ahead. She stressed that the legislature had been handed a budget that was over \$1.5 billion in the hole. She remarked that money had been added to the budget the subcommittee she chaired, and she suspected there would be talk about cutting it out. She noted the committee could look into governor cuts. She thought everything should be on the table. She thanked the Co-Chair Josephson for creating the space to have the discussion. She believed it was what the public was expecting. She highlighted that \$1.6 billion was a substantial amount of money, which would require a draw. She stated that it was not possible to cut \$1.6 billion.

[3:00:25 PM](#)

Mr. Schroeder completed his explanation of Amendment 4. The remaining items were technical in nature. Page 87, lines 19 through 21 added lapse of appropriations language. Lines 22 through 29 adjusted retroactivity language to reflect new section references. Page 88, lines 9 through 11 clarified

that the pupil transportation increase in Section 14(g) of the bill was contingent upon failure of House Bill 76 or a similar piece of legislation.

Representative Bynum looked at the language on page 88 and noted it was similar to language discussed earlier related to BSA.

Mr. Schroeder replied that the language was related to pupil transportation increase.

Representative Bynum stated his understanding it was the same effect but a different funding source.

Mr. Schroeder agreed.

Representative Bynum remarked that the committee had just reviewed the language section of the budget and the section had implications to the overall budget. He remarked that there were some reductions and some adds. He asked if there would be a spreadsheet summary showing the monetary impact of the bill.

Co-Chair Josephson answered that he could try to provide something. Monetary changes were identified when the committee adopted CS1. He did not know whether LFD would be able to produce the number because of the dynamic position. He guessed LFD would be able to do so. He explained that if the amendment was adopted it would spend about \$250 million more on public school and a little more including [pupil] transportation and there were some savings identified. He asked to hear from Mr. Painter.

[3:03:47 PM](#)

Mr. Painter replied that he could provide the number.

Representative Bynum replied that it would help to understand the numbers throughout the process. He referred to language that had been included about the BSA with reference to HB 69. He pointed out that HB 69 had additional spend items that were not included in the amendment.

Co-Chair Josephson responded affirmatively. He had not seen whether the Senate Education Committee had adopted a CS,

but to his knowledge, the statement by Representative Bynum was accurate. He stated it was \$22 million accurate.

Representative Bynum asked if it would be possible to financial implication of HB 69 from LFD. He noted that if HB 69 were to pass and conforming changes to the budget were needed, he did not know what the numbers were.

Co-Chair Josephson answered it was dynamic. He remarked that they would know with finality at the end of session. He asked for comment from Mr. Painter.

Mr. Painter replied that the Department of Education and Early Development prepared fiscal notes that were delivered to the Senate Education Committee for the version [of HB 69] that passed the House. The cost was roughly \$22 million. He did not recall the precise number in addition to the BSA change. The fiscal notes were posted on BASIS and in the LFD fiscal note system.

Representative Bynum asked if the fiscal notes were provided in the Senate Education Committee.

Mr. Painter agreed.

[3:05:58 PM](#)

Representative Bynum stated that one of the big issues for discussion was meeting the funding gap. There was a lot of conversation happening about what would happen with the education bill and funding for education and the PFD. A big question mark was the capital budget. He noted there were not any new numbers showing adds to the capital budget. He wondered what the impact of the CBR language in the CS1 would be on overall changes in the capital budget.

Co-Chair Josephson answered that CS1 said that the money was not designated for any purpose other than funding the whole of the budgets. Therefore, with the CBR language in CS1 and affirmative votes, the capital budget would be fully funded unless it was more than \$2.7 billion.

[3:08:03 PM](#)

Mr. Painter agreed. The CBR language in Amendment 4 applied to appropriations that took effect in FY 26 and did not specify operating or capital appropriations.

Representative Bynum stated his understanding it covered all of the outstanding budget bills.

Co-Chair Josephson replied affirmatively. He clarified the amendment process. He explained that members could offer standalone language amendments to CS1 or conceptual amendments to Amendment 4.

[3:09:04 PM](#)

AT EASE

[3:09:38 PM](#)

RECONVENED

Co-Chair Josephson discussed the amendment process pertaining to Amendment 4.

Representative Bynum asked for clarification that the 5:00 p.m. amendment deadline was for standalone amendments. He asked for verification that any conceptual amendments to Amendment 4 should be held onto until offered.

Co-Chair Josephson stated amendments were still due at 5:00 p.m., but they could be offered as a conceptual amendment and Legislative Legal could help draft them.

Co-Chair Josephson reviewed the schedule for the following meeting.

HB 53 was HEARD and HELD in committee for further consideration.

HB 55 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[3:11:26 PM](#)

The meeting was adjourned at 3:11 p.m.