

SENATE FINANCE COMMITTEE  
April 24, 2025  
9:12 a.m.

[9:12:19 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:12 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Mike Cronk  
Senator James Kaufman  
Senator Jesse Kiehl  
Senator Kelly Merrick

MEMBERS ABSENT

None

ALSO PRESENT

Alexei Painter, Director, Legislative Finance Division;  
Conor Bell, Analyst, Legislative Finance Division; Pete  
Ecklund, Staff, Senator Lyman Hoffman; Senator Cathy  
Giessel.

SUMMARY

SJR 14      CONST AM: PERMANENT FUND; POMV;EARNINGS

SJR 14 was HEARD and HELD in committee for further consideration.

CSHB 53(FIN)am(brf sup maj fld)(efd fld)  
APPROP: OPERATING BUDGET; CAP; SUPP

CSHB 53(FIN)am(brf sup maj fld)(efd fld) was HEARD and HELD in committee for further consideration.

CSHB 55 (FIN)

APPROP: MENTAL HEALTH BUDGET

CSHB 55 (FIN) was HEARD and HELD in committee for further consideration.

#sjr14

SENATE JOINT RESOLUTION NO. 14

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and to appropriations from the Alaska permanent fund.

[9:13:43 AM](#)

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION (LFD) introduced himself.

CONOR BELL, ANALYST, LEGISLATIVE FINANCE DIVISION, introduced himself.

Mr. Painter discussed, "SJR 14 Amendment Modeling" (copy on file). He pointed to slide 2, "Probabilistic Modeling":

- LFD has two versions of the fiscal model: a linear model which assumes that revenue matches DOR's forecast, and a probabilistic model that shows the impact of revenue volatility
- These probabilistic model allows for variation in two variables:
  - Oil prices (using a range centered around DOR's forecast), which impacts Permanent Fund royalty deposits
  - Permanent Fund investment returns (using the ranges developed by Callan for APFC)
- Median cases using probabilistic models are typically lower than the linear model
- These scenarios assume no ERA Overdraws

[9:15:17 AM](#)

Mr. Bell addressed slide 3, "Modeled Scenarios":

- Scenarios with POMV Draw formula change beginning FY28

- Retain 5-year average of total Permanent Fund value, but vary draw percentage between 4.5 percent and 5.5 percent
- Retain 5.0 percent draw percentage, but vary from 3 to 7-year average of total Permanent Fund value
- Scenarios with POMV Draw formula change beginning FY26
  - Step Down: 5 percent draw in FY26-27, 4.875 percent FY28-29, 4.75 percent FY30-FY31, 4.625 percent FY32-33, 4.5 percent FY34-35
  - 5.5 percent draw in FY26-FY28 and FY31-33, 5 percent draw in FY29-30 and FY34-35
  - 5 percent draw in FY26-FY28 and FY31-33, 4.5 percent draw in FY29-30 and FY34-35
  - 5 percent draw, except 5.5 percent draw if 5 percent nominal draw amount would be lower than prior year
  - 4.5 percent draw, except 5 percent draw if 4.5 percent nominal draw amount would be lower than prior year

Mr. Bell discussed slide 4, "Status Quo POMV Formula with No Overdraws."

[9:20:57 AM](#)

Senator Kiehl asked whether the numbers were nominal dollars or whether they had been adjusted for inflation.

Mr. Bell stated that they were nominal dollars, and none of the numbers in the presentation had been adjusted for inflation.

Mr. Bell pointed to slide 5, "Delta from Status Quo to 6 Year Average Beginning FY28."

Mr. Bell looked at slide 6, "How Uncertain is the POMV Amount from Year to Year?"

[9:24:56 AM](#)

Mr. Bell addressed slide 7, "POMV Draw as Percentage of Prior FY-End Total Perm Fund Balance."

[9:27:24 AM](#)

Mr. Bell displayed slide 8, "Median POMV Draw Amount."

Mr. Bell pointed to slide 9, "How Does the Median POMV Draw Differ from the Status Quo Formula?"

Mr. Bell addressed slide 10, "How Uncertain is the POMV Amount from Year to Year?"

[9:31:13 AM](#)

Mr. Bell discussed slide 11, "Longer-Term Impact of Different Draw Rates on Perm Fund Balance."

Mr. Bell looked at slide 12, "Longer-Term Impact of Different Draw Rates on POMV Draw."

Mr. Painter shared that there the draw rate and averages were the focus of the presentation.

[9:36:21 AM](#)

Co-Chair Stedman recalled that the consultants had varied the percentages of the rate throughout the years.

Mr. Painter remarked that drawing more or less would adjust the portfolio of risk tolerance.

Senator Kaufman wondered whether the modeling was randomly distributed.

Mr. Painter replied that the model was distributed randomly.

Mr. Bell furthered that there was an assumption of the returns year after year was uncorrelated on the return in the following year.

SJR 14 was HEARD and HELD in committee for further consideration.

[9:40:42 AM](#)

AT EASE

[9:43:00 AM](#)

RECONVENED

#hb53

#hb55

CS FOR HOUSE BILL NO. 53(FIN) am(brf sup maj fld) (efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making supplemental appropriations."

CS FOR HOUSE BILL NO. 55(FIN)

"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."

[9:43:15 AM](#)

Co-Chair Stedman MOVED to ADOPT the committee substitute for CSHB 53(FIN)am(brf sup maj fld) (efd fld), Work Draft 34-GH1462\R (Marx, 4/22/25).

Co-Chair Hoffman OBJECTED for discussion.

[9:43:47 AM](#)

PETE ECKLUND, STAFF, SENATOR LYMAN HOFFMAN, explained the CS. He referred to the Explanation of Changes (copy on file):

Explanation of Changes to HB 53, the Operating Budget Changes from CSO to SCSI

Accepted all subcommittee numbers section recommendations with the following exceptions:

1. Added \$250.0 UGF to DEED for career and technical education (C-TEPS)
2. Deleted cross-appropriation authority (\$5 M/Department) to move money between the Maintenance and Operations and other appropriations
3. Made two technical changes to wordage requested by Legislative Legal:
  - a. statutory cite corrections to AS 14.17.050(a). Change to AS 14.17.505(a).
  - b. AS 18.60.840. Change to AS 18.60.030(16). Moved the Alaska Marine Highway System operations from the language section to the numbers section.

New numbers Sections 4-6 were created for AMHS calendar year 2026 operations

Language Section Changes

Sec 7 Inserts a new recipient of lapsing funds in FY25

i. After Section 34(d) in HB 268, insert a new section:

After the appropriations in section 34(d), the unexpended and unobligated balance of any general fund appropriation that is determined to be available for lapse at the end of FY25 is appropriated to the School Major Maintenance Fund (AS 14.11.007), not to exceed \$30 million ii. The existing items in the lapse waterfall remain next in line

Sec 8 Added supplemental Alaska Department of Fish and Game language to extend one year, to June 30, 2027, the ability to receive money for prior fisheries disasters

Sec 9 Re-statement of the F Y 25 'waterfall' order of lapsing fund appropriations

Sec 13 (b) Similar to the Alaska Housing Finance Corporation, this language appropriates all of the receipts that the Alaska Industrial and Export Authority (AIDEA) takes in back to AIDEA to be used at the discretion of the Board of Directors. This language does not change AIDEA's existing authority

Sec 14 (c) Appropriates the 5 percent of Market Value (POMV) payout to the general fund, following the POMV statute (\$3,798,888,398)

Sec 14 (d) Appropriates an amount equal to 25 percent of the POMV payout from the general fund to the dividend fund (\$949,722,100) approximately a \$1,414 PFD

Sec 14 (f) Adds intent language to section 55(f) of Ch. 1, SSSLA 21 (HB69) (inflation proofing transfer) to read: "It is the intent of the legislature that this appropriation constitutes forward funding of inflation proofing payments under AS 37.13.145(c)." This is referring to the \$4 billion

check over there on the wall 'Scrivner's error' The Permanent Fund Corporation testified earlier this year that this change would put us \$2 billion ahead of inflation proofing the principal of the fund over time

Sec 16 Added language regarding Bonuses for Certain Employees (Letters of Agreement). Similar to language in FY25's budget.

Updated Sec 16 (b) (1) to reference the Department of Law entering a letter of agreement (instead of DOA)  
(B) (3) new language that states, no later than 30 days after a letter of agreement terminates, the Office of Management and Budget (OMB) shall notify the legislative finance division.

Sec 17 (d) new intent language that directs OMB to build in the proper rate for employer contributions to the AlaskaCare employee health plan for FY27, and no longer rely on lapsing funds

Sec 17 (g) Match FY25 language that covers Department of Administration actuarial costs for legislation in either House of Senate Finance that require actuarial analysis

Sec 18 (g) Technical fix that 40 percent of boat receipts goes to the Alaska Marine Safety Education Association for marine safety education, estimated to be \$181,879 but not exceed \$200,000. Delete Former section 13 (i) is deleted, which attempted to appropriate \$225,000 out of the emerging energy technology fund, a fund that has been repealed. According to Legislative Legal, we cannot have language referring to a fund that no longer exists. The other body addresses this item in the FY26 numbers section and that approach will be available in the conference committee

Sec 19 (d) Accepted a Governor amendment to increase a general fund appropriation from \$40 thousand to \$80 thousand to the Department of Education and Early Development (DEED), Alaska State Council on the Arts, for administration of the celebrating the arts license plate program

Sec 19 (e) Former (e) - deleted \$120 thousand for child and adult care food program

New (e) - Base Student Allocation outside the formula increase of 680 BSA (\$172,176,800) contingent on the failure of passage of a bill modifying the statutory BSA

Sec 19 (f) Add a 10 percent outside the formula pupil transportation increase of \$6,781,200, contingent on the failure of passage of a bill modifying the pupil transportation formula

Sec 20 Accepted a Governor amendment to move a Department of Family and Community Services Statutory Designated Program Receipt authority appropriation (not to exceed \$4 million) from the numbers section to the language section for the operation of the Pioneer's Homes pharmacy program

Sec 21 Adds a Governor's amendment for new fisheries disasters to accept receipts through FY28

Sec 25 (d) 60 percent of boat receipts (\$272,819 not to exceed \$300 thousand) are appropriated to the Department of Natural Resources, division of parks and outdoor recreation, for the boating safety program

Sec 27 (b) Amend last year's HB 268, page 77, to insert after line 12 (the CY25 AMHS appropriation): "It is the intent of the legislature that the Department of Transportation prioritize spending federal funds and unrestricted general funds first, preserving the balance of the Alaska Marine Highway Fund to the extent possible." Change from \$3.5 million to not to exceed \$2 million the amount of FY26 lapse available to the Office of Management and Budget to support the cost of central services to 'rate smooth' cost allocation amongst approved central service plans

Sec 29 (g) (2) Changes the payment amount of unrestricted general fund debt service on GO bond series 2010B from \$2,402,900 to \$144,127 because federal funds pay a portion of the debt service. This change matches the UGF amount in the Department of Revenue's debt book

Sec 29 changes the payment amount of unrestricted general fund debt service on GO bond series 2013A from

\$460,839 to \$26,268 for the same reason as the previous change

Sec 29 (L) Reduce the school bond debt reimbursement amount by 25 percent from a total of to \$34,882,150

Sec 29 (L)(1) Accepts Governor's amendment to tower the amount from the School Fund going to school bond debt reimbursement from \$12.3 million to \$11 million

Sec 29 (L)(2) Reduces the general funds going to school bond debt reimbursement by \$10,327,383, leaving \$23,882,150 general funds for reimbursement

Sec 30 (e) Similar to FY25, adds language excluding the Alaska Gasline Development Corporation from using the Revised Program Legislative (or RPI) process

Sec 31 (d) Increases the appropriation to the Disaster Relief fund from \$13 million to \$23,344,800 to match the recent 5-year average spend on disasters

Sec 31 (h) Changes the amount going into the Public Education Fund from (difference) because Pre-K funds granted out in FY25 fell short of the amount budgeted, and the statute limits the growth in that amount in FY26 to \$3 million over the actual amount spent the prior year

Sec 31 (h)(2) lowers the general fund amount going to the public education fund by \$5,285,520 to account for the above change. This 'trues up' the balance of the fund

Sec 31 (q) Accepted a Governor's amendment changing the amount from \$841,500 to \$1,682,500 of restorative justice funds to the crime victim compensation fund

Sec 31 (t) Deleted the sum of \$30 million going to the community assistance fund, \$2,018,083 from the general fund and \$27,981,917 from the Power Cost Equalization fund. Insert the sum of \$13,333,300 from the PCE fund to the community assistance fund

Sec 31 (v) increase the sum going to the fire suppression fund to bring the balance up to the recent

5-year average of fire suppression spending total, \$3 million from SDPR)  
New unrestricted general fund appropriation of \$74,338,400 to the fire suppression fund, an increase of \$48,582,650

Sec 32 (m) Changes the fund source from the general fund to the PCE fund (\$6,315,507) going to the renewable energy fund

Sec 32 (n) Add language similar to FY25 that appropriates repayment of Washington, Wyoming, Alaska, Montana and Idaho (WWAMI) loans, estimated to be \$575,000, back to the Higher Education Investment fund

Sec 34 (a) (5) (6) Adds the Alaska Correctional Officers Association and the Teachers' Education Association of Mt. Edgecumbe to the list of approved monetary terms for collective bargaining agreements

Sec 34 (b) (4) Adds the United Academics - American Association of University Professors, American Federation of Teachers to the list of approved monetary terms for collective bargaining agreements

Sec 37 Adds a new section that appropriates up to \$700 million of revenue above \$6.3 billion, to the Statutory Budget Reserve. (\$171.4 M above Spring Forecast)

Sec 38 Repeal Section 69(b) chil SLA2022 P180 128 (HB281) (statehood defense for Tongass National Forest), Section 64(a), Ch1 SLA2023 (statehood defense multi-year appropriation), Section 36(j) Ch7 SLA2024 (Alaska Resource Education multi-year appropriation)

Sec 39 Repeals the FY25 Permanent Fund inflation proofing transfer (Section 32(f) from HB 268)  
Repeal Sec 34(e), ch. 7, SLA 2024, and Sec 44(b), ch. 7, SLA are related to the FY25 lapsing provision we modified in Sec 7 of this bill  
Deleted Constitutional Budget Reserve budget balancing sections Sections 40 and 41 are standard and conforming lapse and retroactivity provisions

Sec 42 Added contingency language similar to FY25 related to letters of agreement. LOA's are legislatively approved if they are:

- signed by both the employee and the state
- OMB complies with the requirement lists in Sec 16(b)(1) of this act to notify the legislative finance division

UGF	All Funds		
	Agency Operations	\$4.6 B	\$12.3 B
	Statewide Items	\$453 M	\$700 M
	PFD/Permanent Fund	\$950 M	\$1.02 B
	Total	\$6.039 B	\$13.99 B

[10:02:09 AM](#)

Co-Chair Stedman asked for the reason for the \$51 million increase to Fund Capitalization.

Mr. Ecklund replied that to reach the five-year average of disasters and fire suppression there needed to be an increase. He added that there was also a reduction to public education, so the numbers needed to increase.

Co-Chair Stedman recalled that there were several disasters in the state that needed mitigation.

Co-Chair Hoffman agreed with Co-Chair Stedman's comments.

[10:04:54 AM](#)

Senator Kaufman wondered the changes claimed credit for the time value of money.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that the Permanent Fund calculations did not include inflation proofing on the inflation proofing.

Senator Kaufman remarked that the time value of money could be considered in the committee's calculations.

[10:06:18 AM](#)

AT EASE

[10:08:42 AM](#)

RECONVENED

Co-Chair Hoffman remarked that the governor had asked for additional funding to the Department of Public Safety (DPS) for troopers in the MatSu, and Village Public Safety Officers (VPSO) in the Northwest Arctic, and they were both denied by the committee. He asked the amount of increment.

Mr. Ecklund recalled that it was approximately \$60 million.

Co-Chair Stedman added that there was a governor request for Department of Natural Resources (DNR) for an employee to help with landslides. That item had also been denied by the legislature.

Co-Chair Hoffman REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

Co-Chair Hoffman stated that the amendment deadline would be April 25, by 4pm. He stressed the importance of using the Legislative Finance Division online amendment system for submission.

[10:12:14 AM](#)

Co-Chair Stedman MOVED to ADOPT the committee substitute for CSHB 55(FIN), Work Draft 34-GH1459\T (Marx, 4/18/25).

Co-Chair Hoffman OBJECTED for discussion.

[10:12:41 AM](#)

Mr. Ecklund pointed to the Explanation of Changes (copy on file).

Co-Chair Hoffman REMOVED his OBJECTION. There being NO OBJECTION, it was so ordered.

[10:14:28 AM](#)

AT EASE

[10:14:40 AM](#)

RECONVENED

Co-Chair Hoffman stated that the amendment deadline would be April 25, by 4pm. He stressed the importance of using the Legislative Finance Division online amendment system for submission.

CSHB 53(FIN)am(brf sup maj fld)(efd fld) was HEARD and HELD in committee for further consideration.

CSHB 55(FIN) was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:15:22 AM

The meeting was adjourned at 10:15 a.m.