

SENATE FINANCE COMMITTEE

May 1, 2025

1:33 p.m.

[1:33:44 PM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 1:33 p.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

Liz Harpold, Staff, Senator Donny Olson; Pete Ecklund, Staff, Senator Lyman Hoffman

SUMMARY

SB 92 CORP. INCOME TAX; OIL and GAS ENTITIES

SB 92 was HEARD and HELD in committee for further consideration.

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

CSHB 53am(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.

#sb92

SENATE BILL NO. 92

"An Act establishing an income tax on certain entities producing or transporting oil or gas in the state; and providing for an effective date."

[1:34:49 PM](#)

Co-Chair Stedman MOVED to ADOPT the committee substitute for SB 92, Work Draft 34-LS0540\Q (Nauman, 5/1/25).

Co-Chair Hoffman OBJECTED for DISCUSSION.

[1:35:19 PM](#)

LIZ HARPOLD, STAFF, SENATOR DONNY OLSON, explained the changes. She stated that the committee substitute incorporated two amendments that were submitted by committee members, and distributed earlier that week, which were technical fixes to the bill. She stated that one amendment was to align with the intent of the bill so corporations be taxed like C-corporations, and the other would foreclose the argument that the exemption did not cover an entity that was not subject to tax under statute.

Co-Chair Hoffman WITHDREW the OBJECTION. There being NO further OBJECTION, it was so ordered.

SB 92 was HEARD and HELD in committee for further consideration.

#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."

[1:36:44 PM](#)

Co-Chair Stedman MOVED to ADOPT the committee substitute for CSHB 53am(brf sup maj fld)(efd fld), Work Draft 34-GH1462\Y (Marx, 4/30/25).

Co-Chair Hoffman OBJECTED for discussion.

[1:37:17 PM](#)

AT EASE

[1:40:51 PM](#)

RECONVENED

[1:41:08 PM](#)

PETE ECKLUND, STAFF, SENATOR LYMAN HOFFMAN, explained the changes in the CS for HB 53. He read from a prepared statement:

Operating Supplementals

Added new operating supplemental numbers sections 7-9 and multiple language sections that included all of the agreed upon (with the House) operating supplemental items that were in SB 59 version N that this Committee adopted on March 25th with the following modifications to incorporate Governor's amendments received on April 25th:

Section 15(b) increases judgments and settlements by \$346,473 (for a total of \$3,102,700)

Section 17(g) (15) adopt Governor's amendment

The amount necessary for payment of trustee fees on outstanding State of Alaska general obligation bonds, added series 20248, for that purpose;

Section 18 (c) Add supplemental fund capitalization (from GovAmend):

The sum of \$327,272 is appropriated to the election fund, as required by the federal Help America Vote Act, from the following sources:

- (1) \$54,545 from the general fund;
- (2) \$272,727 from federal receipts.

Section 19 Adopted Governor's Amendment to add ratifications

Section 53(b) Amended contingency language for Department of Health SNAP penalty appropriation to change the fiscal year reference for the penalty to the federal fiscal year. This was a change requested by the Department of Law that was added on the House Floor to HB 56.

Numbers Section Changes

In the Department of Labor, University of Alaska, and Alaska Marine Highway sections, salary adjustments submitted by the Governor last week are incorporated. These cover agreements for the Alaska Vocational Technical Center Teachers' Association, the International Organization of Masters, Mates, and Pilots, and the United Academic-Adjuncts - American Association of University Professors, American Federation of Teachers.

Page 5, L 28-31 Department of Commerce, Community and Economic Development-Alaska Marijuana Control Office wordage fix to allow AMCO to carry-forward fees. This will allow AMCO to adjust fees downward. This was a Governor's amendment that was inadvertently overlooked in the subcommittee process.

Page 9, L 23 - Department of Corrections (DOC) Added back a \$7m Pre-Trial reduction to the Department of Corrections. To assist the Department of Corrections control spending, the subcommittee reduced the Pre-trial Services program by \$7M with corresponding DOC & Judiciary intent language. Unfortunately, the Courts do not follow intent language and require statutory changes; therefore, the action is being reversed.

Page 11, L 15-23 - Department of Education and Early Development (DEED) Added intent for School Districts to send fund balance reports to the legislature based on FY25 intent language

Page 11, l 25 and Page 25, l 16 a net zero transfer of the Alaska Teachers and Personnel program of \$60.0 UGF from the DEED to the Department of Labor and Workforce Development

P 17, L 14 Department of Fish and Game - Commercial Fisheries Entry Commission added \$60.0 Statutory Program Receipt Authority so the Bristol Bay Economic Development Corporation, a Community Development Quota group, can pay for a CFEC employee to work in Bristol Bay starting in February 2026

P 23, L 26 Department of Health - Reduced Medicaid UGF by \$81.6 thousand

P 23, L 27-32 Department of Health (DOH) - The "standard" abortion prohibition wordage used over the past many years was added

P 24, L 11 Department of Labor - Add GovAmend \$3 million federal for the Alaska Workforce Investment Board (AWIB) to facilitate a grant for Refugee Support Services

P 331 L 30 Department of Revenue - remove \$400 million from various retirement funds to reflect investment management fees paid from investments. There is an associated change to language that will be discussed later on

Starting on page 351 line 251 add funding back to Alaska Permanent Fund Corporation as follows:

P 351 L 25 Add \$731.2 to restore all funding for administrative staff P 351 L 25 Add \$350.7 to reduce the vacancy factor from 8.6 percent to 7 percent P 35, L 28 Add \$50.0 SDPR for staff travel

P 36, L 6 Add \$47.3 for HR recruitment and training
P 361 L 11 Add \$1.95 million for two new IT projects, firewall and data warehouse enhancements

Moved 'net of fee' investment and performance fees to the language section of the budget for the Permanent Fund and the Alaska Retirement and Management Board. In essence, the fee estimates are for 'informational purposes only' and are not appropriations. This is an attempt to have more transparency in the investment fees paid by both the APFC and the ARM Board.

Throughout the APFC section, there is a fund change of \$2,547.6 from 1094 (MHT Admin1 which is in HB 55) and

\$2,439.6 of 1169 {PCE Endowment} to 1105 (PF Gross) in the various appropriations for the Permanent Fund Corporation. With this change, wordage allowing for transfers between fund codes was also deleted. There is associated language for this change as well

Starting on Page 41, line 10, University of Alaska - there are four technical corrections to align subcommittee decrements to the correct allocations. These net zero changes move funding between campuses and their associated operations and maintenance allocations.

Language Changes:

Sec 24 (d) Page 76, L 31- The amount necessary to pay a dividend of \$11000 per recipient, estimated to be \$685,300,000.

Sec 24 (g) Page 77, L 10-11 To Alaska Permanent Fund Corporation section, add new subsection:
The proportional share of investment management costs paid by investments of funds managed by the Alaska Permanent Fund Corporation is estimated to be \$671,018,000.

Sec 24 (h) Page 77, L 12-17 Add new subsection:
The amount appropriated from gross receipts of the Alaska permanent fund in sec. 1 of this Act includes an estimated amount of \$2,547,600 attributed to the mental health trust fund (AS 37.14.031) and an estimated amount of \$2,439,600 attributed to the power cost equalization endowment fund (AS 42.45.070(a)) for the proportional share of investment management costs of the mental health trust fund (AS 37.14.031) and the power cost equalization endowment fund (AS 42.45.070(a)).

New subsection 36, Department of Revenue Page 85, L 16-18:
The proportional share of investment management costs paid by investments of funds managed by the Alaska Retirement Management Board is estimated to be \$167,000,000.

Section 37 (c) Page 85, L 27-29 Add DOT lapse extension for Highways and Aviation

Section 45 Page 98, L 21-25 (salary and benefit adjustments) add the following bargaining units:

a. To section (a):

(7) Alaska Vocational Technical Center Teachers' Association, National Education Association, representing the employees of the Alaska Vocational Technical Center;

(8) International Organization of Masters, Mates, and Pilots, representing the masters, mates, and pilots unit.

b. To section (b) Page 99, L 5-6:

{S) United Academic -Adjuncts -American Association of University Professors, American Federation of Teachers.

[1:54:03 PM](#)

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

Co-Chair Stedman MOVED to ADOPT the committee substitute for CSHB 55(FIN), Work Draft 34-GH1459\O (Marx, 4/30/25).

Co-Chair Hoffman OBJECTED for discussion.

Mr. Ecklund explained the CS changes for HB 53, and read from a prepared statement:

A Net Zero transaction (ATRIN and ATROUT) between the Department of Health and the Judiciary- In the past, Alcohol and Drug Abuse Treatment and Prevention funds were used to fund the Therapeutic Courts; however, state law designates these funds to the Department of Health. The change swaps the funding of \$518.0 of Alcohol funds from the Judiciary to DOH and moves the same amount (\$518.0) of general funds/mental health dollars to the Judiciary.

Page 3, Line 30 - DOH -Adds \$750.0 of Mental Health Trust Authority Authorized Receipts (MHTAAR) for a Crisis Call Center, - These trust funds to the Department of Health, Division of Behavioral Health will increase the accessibility of funding to support Alaska's statewide crisis call center

Page 4, L 33 -Adds \$200.0 MHTAAR for Direct Support Professional Training/Professional Development. These

Trust funds support an incentivized program for direct care staff and the agency they work for to support staff in completing the education and coaching deliverables required through their agency.

Page 6, L 4-6 DNR: add intent to the MH Trust land office to read: "It is the intent of the legislature that the FY27 budget promote transparency by reflecting the existing maintenance and operations costs of the Trust and its lessees in the Cordova building and the Trust Authority building."

In the prior version, there was funding for the Alaska Permanent Fund Corporation in this bill as well. That fund source has been changed back to PF Gross in HB 53 and has been removed from this bill. Across the two bills, this nets to zero.

[1:57:33 PM](#)

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

CSHB 53am(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.

#

ADJOURNMENT

[1:58:16 PM](#)

The meeting was adjourned at 1:58 p.m.