

Bradners'

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Legislature to scrutinize LNG deal

The Legislature begins a review today, April 7, of Alaska Gasline Development Corp.'s new deal with Glenfarne Inc. to develop the big Alaska LNG Project. The Senate Resources will hear from Pegasus-Global Holdings Inc., a consultant, on questions that should be asked about mega-projects. The Legislative Budget and Audit Committee, a House-Senate panel, plans further hearings. Senate President Gary Stevens said the reviews are intended to get more information on the contract and will focus on potential liabilities for the state. Legislators want to be careful not to send any negative signals to potential investors or LNG customers, however. But there are still some ruffled feathers. In the House, Fairbanks representatives are irked that a lateral pipeline to bring gas to the Interior city isn't part of the project. There will be a lateral pipeline but gas consumers in Fairbanks will have to pay for it as a separate project. The Senate Resources Committee will discuss this today, April 7. Some senators are complaining that the state gas corporation didn't adequately review other project developers.

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HJR-11 shows Canada who their Alaska friends are

HJR-11, a resolution vowing friendship with Canada in turbulent times, passed the House 33-4 and was up in Senate committees last week. This ordinary gesture of good will, sponsored by Rep. Chuck Kopp, R-Anch., became a bit of a political football in the House. Four Republicans voted against HJR-11 on the floor. They were: Reps. Cathy Tilton, R-Wasilla; Jamie Allard, R-Eagle River; Mike Prax, R-North Pole, and Bill Elam, R-Nikiski. Interestingly, Elam voted "do pass" in his recommendation for HJR-11 coming out of the House Resources Committee but then voted against it on the floor. Rep. George Rauscher, R-Sutton, was initially a co-sponsor of the resolution but withdrew his name, though he voted "yes" on the floor. There's obviously partisanship here. Hard-right conservatives interpret the resolution as motivated by Democrats as a slap at President Donald Trump for his views on Canada. It's hard to actually see that in HJR-11 but House Republicans did come under a furious attack on social media from the Far Right, resulting in the four "no" votes. However, Republican Reps. Dan Saddler, R-Eagle River, left his name on as a cosponsor and other Republican conservatives like Rep. Kevin McCabe, R-Big Lake, voted for the measure. Provincial leaders in Yukon and British Columbia were watching the votes on HJR-11.

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. . . Education . . .

HB 69 out of Senate Education, but \$1,000 BSA at risk in Senate Finance

The Senate Education Committee sent HB 69 on to the Finance Committee last Wednesday, April 2. The bill retains the \$1,000 increase to the Base Student Allocation that was in the bill as it came from the House, and makes a few policy changes. School districts would be required to set maximum class sizes for pre-K through 6th grade and for 7th through 12th grades. Districts would be required to establish open enrollment policies and include regard for siblings and policies for appeals in enrollments are declined. The state Board of Education would have reduced time to review charter school applications, and appeal procedure for denials are established. Also, data on high school graduating classes would be gathered at five year intervals for 20 years. Given the revenue situation, HB 69 will get a cautious reception in Senate Finance. Its cochair, Sen. Bert Stedman, R-Sitka, said he thinks the \$1,000 BSA increase can't be afforded but that a \$680 increase might fly. The BSA guides state funding for schools. It is now \$5,960 per student.

Military families, base commanders, say they're worried about school funding

It didn't get a lot of attention but a top Air Force commander told legislators in a briefing that underfunding of schools and crowded classrooms has become a major concern for parent in military families, and therefore for base commanders concerned with morale. Air Force Col. Lisa Mabbutt told the House Armed Services and Veteran's Affairs Committee in a late February presentation that the budget crisis in the Anchorage School District, or ASD, has become the top worry for families at Joint Base Elmendorf-Richardson, or JBER. ASD operates four elementary schools at JBER. Older students attend middle and high schools off base. Mabbutt said good schools in Alaska have been a major reason why postings at bases in the state are popular in the Air Force and Army. They also help with retention, in getting service members to extend rotations, she said. But once things turn down, "it's very difficult to overcome a poor schools reputation," Mabbutt told legislators. Education funding is a hot topic in the Legislature this spring.

Reps. Coulombe, Fields introduce bipartisan bill on class size limits

HB 165, by Reps. Julie Coulombe, R-Anch., and Zack Fields, D-Anch., was introduced March 31. The bill would limit class size to 23 in Kindergarten through 3rd grade; 26 for 4th through 8th grade classes, and 30 for 9th through 12th grade classes. The bill applies to school districts of 35,000 or more, which means only Anchorage is included. Parents would be notified on November and February on the average class sizes, by grade, in the district and the size of class children are enrolled in. Exceeding the permitted size would be allowed if students transfer in. The bill is in the House Education Committee. Rep. Fields has a similar class size bill pending in HB 98, also in the House Education. The limits on students vary slightly in Fields' bill. In either bill the limits would not apply to art, library, computer science, vocational education or physical education classes. Large class sizes are becoming a serious problem, particularly in Anchorage's elementary schools.

. . . Resources/Health care . . .

Oil tax, SB 92, moves from Senate Resources

The Senate Resources Committee moved SB 92, the so-called “Hilcorp tax,” on to the Senate Finance Committee last Wednesday, April 2. The bill seems almost certain to pass the Senate but may face challenges in the House, where the coalition Majority holds control by one vote. The House Republican Minority is likely to oppose the bill and Gov. Mike Dunleavy may exercise his veto if it passes. Hilcorp is organized as an “S” corporation exempt from state corporate income taxes. Larger oil producers are “C” corporations, which do pay the tax. SB 92 would set up a special income tax for S corporations that are large oil and gas producers. Hilcorp argues that its form of corporate organization, common for privately-held businesses, has been known to the Legislature since 2012 when the company entered the state. No concerns have been raised on that until recently. Hilcorp isn’t the only Alaska oil company that is an S corporation. It is common form of corporate organization for oil explorers and small producers. By essentially targeting one company, SB 92 sends an adverse signal to small producers and explorers who want to grow but would be apprehensive about new taxes, the company told the Senate committee. Also, Hilcorp’s investments since 2012 have resulted in substantial new oil production and revenues. New revenues total \$5.6 billion since 2012 and an investment by Hilcorp of \$2.6 billion. Another \$750 million is planned this year in new drilling and development. The company employs 1,700 and another 2,500 in contractor employees, the Senate committee was told last week.

Per-barrel oil tax, SB 112, up in Senate Resources on Friday

A second oil tax bill, SB 112, reducing the per-barrel tax credit for oil producers from \$8 per barrel to \$5 per barrel, had a second hearing in the Senate Resources Committee Friday, April 4. Public testimony on the bill was mixed, some in favor and some opposed. Technical problems with the bill have come to light. *We’ll have more on this bill next week.*

HB 4: Incentives for less expensive health care

This bill, by Sen. Shelley Hughes, R-Mat-Su, was up in Senate Labor and Commerce Committee last week and held for more work. The legislation would allow consumers to compare prices using a database and share in savings if a less expensive provider is chosen. Employers would share in savings if there is an employer-sponsored plan involved. Josh Archambault, a senior fellow with the conservative Cicero Institute, said several states have similar incentive programs including New Hampshire and Kentucky for state employees. Research shows that 30% to 40% of consumers in health plans participate in comparing costs and sharing in savings. New Hampshire reported a 6% decline in imaging costs due to competition and new entrants motivated by its incentive program, Archambault told the Senate committee.

Insurance networks: SB 122

The Senate Health and Social Services Committee moved SB 122, establishing health insurance network standards, out of committee last Thursday, April 3. Insurance companies are opposing the bill. The bill requires insurers to allow more providers to join networks where consumers can get care.

... Status of Bills ...

Introduced in the House

- HB 165: Maximum classroom, sizes in public schools (By Coulombe)To EDU, FIN
- HB 166: Public education; opioid abuse awareness program (By Rauscher)To EDU, FIN
- HB 167: Rename Ruby Airport as Harold Esmailka Airport (By Foster)To TRA
- HB 168: Civics education, civics assessments, and secondary school graduation requirements (By Johnson)To EDU, FIN
- HB 169: Property tax exemptions (By Tomaszewski)To CRA, FIN
- HB 170: Failure to report a violent crime (By Burke)To SA, JUD
- HB 171: Interchange fees on tax and gratuity (By Elam)To L&C, FIN
- HB 172: Correctional facilities; placement of prisoners (By Fields)To SA, FIN

House Committees' Actions

- HB 50: Snow classics (6 do pass) ...L&C to RLS
- HB 56: Supplemental appropriations (6 do pass, 2 do not pass, 3 no rec)FIN to RLS
- HB 118: Council on Human and Sex Trafficking (4 do pass, 2 no rec)..... JUD to FIN
- SB 50: Comprehensive plans of first- and second-call boroughs (4 do pass, 1 no rec)CRA to L&C

House Floor Actions

- SB 15: Alcohol sale, warning signs for alcoholic beveragesPASSED 32-8
- HB 56: Supplemental appropriationsPASSED 21-19

Bill status current as of April 4, 2025

Committee abbreviations:

RLS	Rules
FIN	Finance
RES	Resources
L&C	Labor and Commerce
JUD	Judiciary
HSS	Health and Social Services
EDU	Education
MLV	Military and Veteran Affairs
ARCTIC	Special Committee on Arctic
TRB	Special Committee, Tribal Affairs
CRA	Community and Regional Affairs
ENE	Emergency

Health care:

Another Pharmacy Benefit Manager bill is in

Sen. Cathy Giessel has another bill in to regulate Pharmacy Benefit Managers, or PBMs, which coordinate purchases of pharmaceuticals for pharmacies and health benefit plans. Critics complain that PBMS engage in excess profit-taking. The latest bill, SB 142, expands the regulatory changes enacted in HB 226 last year to municipal and self-insured plans but also exempts certain plans that are the subject of a lawsuit on the national level now before the U.S. Supreme Court. So-called "ERISA" plans, which include many operated by unions, are excluded so the legal question relating to those plans does not complicate passage of the overall bill. SB 142 would basically finish the work started last year with HB 226. Two other PBM bills, SB 134 and HB 149, a companion bill, correct a defect in last year's HB 226. It would require PBMS to be licensed by the state Division of Insurance as well as simply registering with the state. Licensing brings a higher level of state oversight than registration.

... Status of Bills ...

Introduced in the Senate

- SB 152: Rename Ruby Airport as Harold Es-mailka Airport (By Cronk)To TRA, SA
- SB 139: Who may own or hold certain land; certain agreements having to do with critical infrastructure (By Hughes) To RES, JUD
- SB 153: Exempt municipal service area boards, Open Meetings Act (By Yundt)To CRA, SA
- SB Home Care Employment Standards Advisory Board (By Yundt)To L&C, FIN
- SB 155: Failure to report a violent crime (By Claman)To SA, JUD
- SB 156: Alaska Commercial Fishing and Agriculture Bank; loans (By Seafood Taskforce)
.....To L&C, FIN
- HB 56: Supplemental appropriations (By FIN)
.....To FIN
- SB 157: University of Alaska new fees and fee increases (By Myers)To EDU, FIN

Senate Committees' Actions

- SB 95: Child care assistance program, child care grant program (5 do pass)HSS to FIN
- SB 121: Health insurance allowable charges (1 do pass, 4 no rec)HSS to L&C
- SB 137: Extend the termination date of the Boards of Certified Direct-Entry Midwives, Nursing, Parole (3 do pass, 12 no rec) L&C to FIN
- SB 20: CPR resuscitation education in public schools (1 do pass, 3 no rec)EDU to FIN
- SB 92: Corporate income tax on oil and gas entities (3 do pass, 2 do not pass, 1 no rec, 1 amend)
.....RES to FIN
- SB 133: Prior authorizations for medical care covered by health insurers (5 do pass) L&C To FIN
- HB 69: Education funding (2 do pass, 2 no rec)
.....EDU to FIN

What committee reports mean

When a committee reports a bill out (see Committees' Actions) members sign on their recommendations. Many sign "do pass," indicating they support the bill. If they oppose the bill, they will sign "do not pass." They can recommend "amend," to indicate a desire for changes. Many simply sign "no recommendation," meaning they neither support or oppose the bill. Legislators must take a position when they vote on the floor, pushing a button for a green light (approval) or a red light (disapproval).

Health care:

Pharmacists' ability to practice: SB 147

A new bill in the Senate would expand the kinds of medical procedures that pharmacists are allowed to do. The bill, by Sen. Cathy Giessel, R-Anch., was introduced March 36.

Coming this week in the Legislature:

Budget expected on the House floor

Expect the operating budget on the House floor this week with debate over amendments likely starting Tuesday and extending into Thursday and probably Friday. The extended floor debate is typical, with a lot of it meant for home-town consumption. The budget so far contains a "full" Permanent Fund Dividend that creates a \$2 billion deficit, enough to drain two thirds of the state's Constitutional Budget Reserve, its emergency reserve. This PFD may go to the Senate, but it would be scaled back to what can be afforded, possibly in the \$1,000 range. Big questions remain on the level of school funding that will be in the House budget, and what the Senate will do with this.

. . . Resources . . .

Seafood legislation active in Senate; House versions in Finance committee

The Senate Resources Committee is working on bills aimed at stimulating the hard-hit seafood industry and helping coastal municipalities deal with declines in fisheries tax revenues. SB 130, the top priority for the industry, was before the committee last Monday, March 31. It would expand the existing seafood product development tax credit from the current list of listed fisheries such as salmon, halibut, cod to all fisheries. Julie Decker, CEO of the Pacific Seafood Processors Association, said processors and harvesters are expanding into new and different fisheries and having authorization for all fisheries removes the inefficiency of processors being unable to fully use the tax credits when new equipment is used to process fish species not listed as eligible in the statute. The current “cap” on credits of 50% of a processor’s tax liability remains in SB 130. Tax credits under existing law amount to about \$1 million to \$3 million per year, the Senate committee was told.

SB 135 would increase local community share of state seafood tax revenue

SB 135, also before the committee March 31, would change the existing approximate 50-50 split of the seafood and fisheries landing tax to 60-40 with the larger share going to municipalities. The change would divert \$12.3 million from the state to local governments in FY 2026 and about \$16.8 million per year after. Sen. Cathy Giessel, chair of the committee, said SB 130 and SB 135 would be up again in committee this week for more work.

One of the important recommendations in the Seafood Task Force report is for a state “pack” loan program to help small fish processors finance their inventory purchases. This hasn’t appeared as a bill yet and my fall victim to the state’s thin finances this year.

Bill due in soon to approve new state royalty oil contract for Kenai refinery

Marathon Petroleum has negotiated a new three-year state royalty oil contract for the Kenai refinery. The existing contract approved in 2022 expires in mid-2025. The Legislature must approve the new contract by the end of the session, although a one-year extension can be done if the approval gets caught up in the usual end-of-session logjam. A bill will be introduced soon on this. The contract has a \$5.50 per barrel surcharge, or premium, paid for the oil over the price paid by North Slope producers.

State assumption of federal 404 water quality permits taken out of House budget

The House Finance Committee dropped a \$1.45 million request from the governor of a phase one start-up for the state’s assumption of federal water quality permitting under the Clean Water Act. Permits for the “Section 404” permits, which almost Alaska development projects need, are now administered by the U.S. Army Corps of Engineers. The plan would be for the Department of Environmental Conservation to gradually ramp up the program, which would have the permits written by the state rather than the Army corps. The state now administers several other EPA environmental regulation programs including air quality permits under the federal Clean Air Act.

. . . Business/Transportation . . .

HB 133, SB 129: Payment standards on state contracts with nonprofits

These bills require 30-day payment on state contracts with nonprofits and tribes. The House version, by Rep. Rebecca Himschoot, I-Sitka, is up Tuesday, April 8 in House Community and Regional Affairs. The bill had its first hearing March 25 and may move from committee Tuesday. The Senate bill, SB 129, is also up Tuesday for its second hearing and may move. Sen. Scott Kawasaki, D-Fairbanks, is sponsor. The slow payment on state contracts has become a serious problem for nonprofits providing services, and which typically operate on narrow margins. The legislation would put these contracts on par with other state contracts, such as for construction, which have strict guidelines and penalties on payment deadlines.

HB 153: Alaska Railroad right-of-way

HB 153, on Alaska Railroad rights-o-way, was up in the House Transportation Committee for a hearing last week. By Rep. Chuck Kopp, R-Anch., the bill deals with an interpretation of the railroad's control on lands adjacent to the land needed for rail track and train operations. The bill arises out of a long-standing dispute in south Anchorage in Rep. Kopp's district over control of railroad lands adjacent to private property. Although the dispute is in Anchorage this is an issue all along the 470-mile railroad from Seward to Fairbanks.

SB 50, municipal comprehensive plans, moving in House

This bill is up in the House Labor and Commerce Committee today, April 7. It gives municipalities permission to include housing in local comprehensive plans, which would aid in development and funding for housing development. Sen. Forrest Dunbar, D-Anch, is the sponsor. The bill passed the Senate 17-0 on March 17.

SB 138, HB 123, vehicle rental tax, active in Senate and House Finance committees

SB 138, sponsored by Sen. Matt Claman, D-Anch., had its first hearing in Senate Finance last week with a second scheduled for this week. This bill would require vehicle rental platform companies, such as Turo and Getaround, to collect the existing state vehicle rental tax. The companion bill, HB 123, is scheduled this week for its first hearing in the House Finance Committee.

HB 144: Insurance, prior-authorization

HB 144, sponsored by Rep. Justin Ruffridge, R-Soldotna, aims to speed prior authorization for medical procedures and establish a timeframe for determination and notification by an insurer to a provider. It encourages electronic submissions; has benefits for those with chronic conditions; and has special conditions for helping the administration of medication for those diagnosed with stage 4 advanced metastatic cancer. Jared Kosin, president of Alaska Hospital and Healthcare Association, spoke in favor of HB 144, and specifically mentioned the faster turnaround time and electronic transmission, moving away from paper faxes. The bill was heard and held.

. . . Energy/Business . . .

HB 153: Renewable energy portfolios for utilities

A bill to require electric utilities to adopt a certain amount of renewable energy for power generation is active in the House Energy Committee. The bill has penalties if requirements aren't met. Utilities say they are working on new wind projects and that any penalties would have to be passed on to consumers in higher electric rates. Regulated utilities don't have a way to pay penalties.

LNG imports: Despite big LNG deal, Harvest/Chugach continue work on import plan

Despite the new agreement for Glenfarne, a private company, to take over the big Alaska LNG Project the plan for Hilcorp Energy subsidiary Harvest Alaska to buy the former ConocoPhillips LNG export plant at Nikiski, near Kenai, is on track and is expected to be final this summer. Engineering is underway on converting the plant to import, rather than export, LNG is also underway, and Chugach Electric Association remains committed to be an anchor customer for purchases of liquefied gas, to be imported most likely from Canada. Chugach needs to have more natural gas, likely imported LNG, on hand by 2028, as does Matanuska Electric Association.

SB 86: Money transmission; virtual currency

SB 86 was up for a hearing in Senate Finance Committee last week, on April 1. With crypto currency becoming more accessible, the bill would update current laws. "These laws are basic for safety and soundness for businesses that transmit money electronically, but they were written in 2007, before cryptocurrency existed." Sponsor Sen Jesse Kiehl, D-Juneau, said. Twenty six states have adopted a bill similar to this. The model bill was developed by the Conference of State Bank Supervisors with industry groups. SB 86 would help keep transactions and the tracking of crypto sales safer and more streamlined. It would also structure the fee schedule so a "mom and pop" business handling money transactions would not pay the same fees as Western Union, for example. The bill was heard and held. The bill moved to Senate Finance from Senate Labor and Commerce on March 10.

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