

*Bradners'*

# Alaska Legislative Digest

*Alaska's only comprehensive issues and policy review —since 1974*

PUBLISHER: Tim Bradner FOUNDER: Mike Bradner / Business Office: (907) 440-6068 / 950 Coral Lane Anchorage, AK 99515 / Fax: (907) 345-5683

No. 20/2025 July 7, 2025

## Governor's agenda now in peril?

Gov. Mike Dunleavy's legislative agenda may now be in peril following several of the governor's recent highly unpopular bill vetoes and now his surprise call for an Aug. 2 special session timed for when several legislators will be unable to attend. This will make it difficult for the Legislature to muster the 40 votes needed to override any bill vetoes. That's why the governor timed it this way, his office has acknowledged. The special session was called to rehash the debate over education policy and to consider again a new Department of Agriculture, which the Legislature is already working on bills pending in the House and Senate. On education, most of the school policy changes the governor asked for were adopted this spring by the Legislature, so it's unclear what more he wants. *School vouchers may be part of this. Tucked into the recent federal budget bill is language allowing tax credits for contributions to voucher programs. States must pass legislation adopting the program.* The governor's proclamation calling the session listed only "education reform" Legislative leaders reacted with frustration. "The proclamation calling for a special session came as a complete surprise," Senate President Gary Stevens said.

*– Continued on next page*

### *In this Issue:*

- Alaska health care p. 2
- Governor's agenda p. 3
- The positive: Oil money p. 4

## "Big Beautiful's" benefits uncertain; costs better known

The benefits to Alaska of President Trump's "Big Beautiful" budget reconciliation bill are highly uncertain. They are mostly through higher oil royalties from prospective discoveries on federal lands on the North Slope (*more on this on page 4*). The costs to Alaskans are better known. They mostly stem from changes to Medicaid, the federal/state program that provides health care to low and modest income Alaskans. The fundamental Medicaid changes are new work requirements, which will be difficult to administer, and a need to re-certify recipients every six months. Many people with low to modest incomes will have difficulty keeping up with this paperwork. State agencies, already under severe budget pressures, will face near-impossible challenges processing the twice-yearly reapplications and verifying the work requirements. The end result will be large numbers of people falling off Medicaid. That appears to be the goal.

*– Continued on page 3**Our reports are protected by Copyright. Please do not forward to others without permission.***© COPYRIGHT** Email: [timbradner@pobox.alaska.net](mailto:timbradner@pobox.alaska.net)

## . . . Legislature/Governor . . .

### **Senate President Stevens: “Legislature took meaningful steps toward education reform”**

– *Continued from previous page*

In a hard-hitting statement, Stevens said: “The legislature addressed both of these issues during the regular session, and rather than respecting that process, the Governor is doubling down on proposals that failed to gain legislative support.

“On education, the legislature took meaningful steps forward this year, including increasing necessary funding, policy reforms for charter schools, and the formation of the Education Task Force. That task force is designed to carefully evaluate funding needs, long-term reform options, and student outcomes. It should be allowed to do its work rather than be bypassed in a rushed special session (in pursuit of other reforms). This bill, HB 57, gained overwhelming bipartisan support throughout the legislature, and during a joint session, his veto of those education reforms was overridden.”

### **Governor’s proposals that could be put on hold**

Very few of Gov. Mike Dunleavy’s legislative proposals advanced in the 2025 session and given the deteriorating relations very few are likely to see daylight in 2026. This is unfortunate because some of this legislation is worthy of consideration.

Here are governor’s bills that could be at risk:

#### **• SB 66: Tribal education compacts**

This bill would allow tribes to operate their own schools under contracts with the state, which has the education authority and which would also provide funds. This is supported by many but has not advanced beyond the Senate Education Committee, and there is no House version. This is likely to be caught in the crossfire between legislators and the governor on education policy.

#### **• SB 158 and SB 145: Professional licensing**

This common sense bill would have the state grant temporary reciprocal licenses to professionals moving to Alaska who hold equivalent licenses granted by other states. The bills have been in their original committees since last January, and may stay there.

#### **• HB 72, SB 75: Longer-term timber leases on state lands**

These governor’s bills would give timber harvesters contracts with longer terms. The terms currently allowed are too short. The bills are in House and Senate Resources, their original committees, and have shown no sign of movement.

#### **• HB 60, SB 67: Purchase preference for agriculture products**

This bill increases the preference for Alaska farm and fish products purchased by state agencies, such as the prison system, as well as school districts. The bills showed no movement in House or Senate committees in 2025, and the same may happen in 2026.

## **. . . Big Beautiful, the impacts . . .**

### **Loss of Medicaid coverage due mainly to increased administrative burdens**

*– Continued from bottom, page 1*

A lot of the Medicaid impacts are expected in the estimated 72,000 Alaskans with low to medium incomes who were covered when Alaska, like many states, expanded Medicaid coverage above the those covered under the traditional program (low income families, disabled, etc.). The 90% federal match rate for this expanded coverage remains but the expected reduction of costs will come from fewer people covered under this. The administrative burdens of verifying coverage (the six month renewals) and verifying work requirements will cause most of the loss of coverage. There will be exemptions allowed for work requirements under both Medicaid and for food assistance, but these must be applied for, creating more administrative burdens. The reduction of subsidies under the Affordable Care Act health insurance programs will also result in loss of coverage for low and medium income people who do not qualify for Medicaid.

There are only estimates of how many this might affect. They range from 25,000 to 38,000 adults losing coverage but the true extent is unknown. *What is generally known is that this will indirectly affect medical costs across the board because those without health coverage typically go to hospital emergency rooms where care cannot be denied. Hospitals, however, must pass these costs on to other payers, such as people in private, employer-paid insurance. This will result in those rates going up.*

### **Big Beautiful impacts could have been worse**

Sens. Lisa Murkowski and Dan Sullivan did succeed in getting a new rural hospital fund established that will somewhat shield several small community hospitals that would otherwise be in danger of closing. The details of how this will work are uncertain at this point, but this is significant for the communities affected. The two senators were unsuccessful, however, in securing an increase in Medicare payments for outpatient services in hospitals. Medical groups are hoping there could be an adjustment made through regulations, however. The state's two senators also tried for an increase in the federal match for the basic Medicaid, now about 50% (the state picking up the remainder) but were unsuccessful. There is also a provision delaying work requirements for food assistance in Alaska for two years to allow the state to get its administrative error rate down from the 60% range, one of the highest in the nation. This could be extended if the state shows progress in getting the rate down, Murkowski said in a briefing. The senator faulted the state for not investing in information technology and the governor for not increasing administrative staffing to handle emergency applications for food assistance. These decisions contributed to the high error rate, she said.

### **State analysts: Too early to judge budget impacts**

The state's legislative finance analysts told us it's too early to estimate the impacts of the federal bill on the state budget. There was a flurry of last-minute amendments made in the final bill.

## ... Big Beautiful: The oil benefits ...

### Increased royalty share from ANWR, NPR-A

New oil revenues to the state are intended to offset costs to Alaskans from Medicaid changes in President Trump's budget bill. The oil income is thought to be modest, however, and it will take time. Changes in the bill are in royalty sharing to the state from any new oil production from the Arctic National Wildlife Refuge, or ANWR, and the National Petroleum Reserve-Alaska, or NPR-A. These go from 50% to Alaska currently to 70% after 2034. The bill mandates a schedule of lease sales in ANWR, although this just reaffirms what's in existing law. The NPR-A provisions are new and require periodic lease sales.

### Some new oil will likely come from ANWR and NPR-A, but no bonanza expected

Some new oil will almost certainly be found in both ANWR and NPR-A particularly in the western part of ANWR's coastal plain near state lands where discoveries have been made, and in areas west of ConocoPhillips' Willow project where there is prospective geology. There have been discoveries in these regions but no follow-up drilling. Oil that will be found is likely to be medium-sized deposits, not super-giants like Prudhoe Bay, most geologists believe. *Also, companies making investments will be cautious, particularly in politically-sensitive areas like ANWR. It will take several years to do exploration, make discoveries and build the infrastructure. President Trump will be out of office by then and companies worry that the political environment may flip again.* The oil price outlook is also uncertain.

### NPR-A royalties to North Slope communities retained in Big Beautiful

Changes in the NPR-A royalty will leave intact a provision in previous law that has all of the state's 50% share of royalties going to the North Slope Borough and five villages on the slope rather than to the state treasury. The new law retains the 50% share until 2034, including the allocation to the North Slope communities but after that the state gets the 70% of the royalty. *After Willow starts production in 2029 royalty payments will climb sharply. Between 2029 and 2034 the North Slope Borough and the small communities will receive hundreds of millions of dollars.*

## Subscription - Alaska Legislative Digest

950 Coral Lane Ph: (907) 440-6068 - Fax: (907) 345-5683  
Anchorage, Ak. 99515 email: [timbradner@pobox.alaska.net](mailto:timbradner@pobox.alaska.net)

**Cost: \$575.00/year - Email online edition/print edition!**

**Check to add Economic Report for +\$520/year**

Name \_\_\_\_\_

Company \_\_\_\_\_ Ph. \_\_\_\_\_

Address \_\_\_\_\_ Fax \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email \_\_\_\_\_

Credit card pay: Type \_\_\_\_\_

Number \_\_\_\_\_

Exp: \_\_\_\_\_ ZIP: \_\_\_\_\_