

Bradners'

Alaska Legislative Digest

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University's upward trajectory

At a time when many institutions are struggling, the University of Alaska picture is brightening, although there are still problems. Enrollment is a key indicator, and university data shows fall 2024 enrollment up 3% over fall, 2023. The freshmen-to-sophomore retention is at a five-year high of 66.8%, surpassing the national average of 58.7% of public four-year open-enrollment institutions. Retention is even higher for Alaska students with Alaska Performing Scholarships, at 89.6%, up from 85.8% in fall, 2023. The Legislature's passage of HB 148 last year improving the Performing Scholarship program is also showing results: 65% more students eligible for the scholarships applied and enrolled in 2024 at UA than in the previous year. The highly-successful high school/university dual enrollment also continues to grow, with 4,407 high school students also in a university class, an increase of 13% over fall, 2023. With dual-enrollment high school students can compile substantial credits toward a university degree, reducing the time needed to complete their higher education. Dual-enrollment and the scholarship programs also result in more high school students enrolling at UA rather than going out of state for college.

UA's data looks good compared with national data that show college enrollments declining, but Alaska's university also faces headwinds: High school populations are declining with falling populations in larger communities and out-migration of working-age adults with families, which could mean over time a smaller pool of incoming Alaska freshmen students to the UA system. A large number of Alaska high school graduates still enroll in out-of-state universities.

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Trump freezes \$504 million for Alaska energy

President Donald Trump has frozen \$504 million in federal funds for Alaska energy projects and this is just for projects administered through the state's Alaska Energy Authority. The total number is higher when renewable energy projects being developed by other Alaska groups mainly in rural Alaska, are included.

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. . . Energy/Education . . .

Regulators to utilities: “You’d better get busy educating Legislature about LNG imports”

A commissioner on the Regulatory Commission of Alaska has told Alaska utilities they’d better get busy educating legislators on why liquefied natural gas, or LNG, imports are basically unavoidable given expected shortfalls in gas. Last year the House voted *unanimously* for an amendment to a bill prohibiting LNG imports. Luckily, the Senate took the language out of the legislation, which dealt with energy regulation. The House amendment was more a knee-jerk reaction and it was unclear what mechanism might be used to block utilities from importing LNG. Regulated utilities do have a legal obligation to ensure adequate supplies of energy, which sets up a contradiction. The comment came from Commissioner Bob Pickett last week during a public meeting of the RCA on energy supply issues.

Senate Republicans stake their ground on education

Senate Republicans say they’re open to new funding for schools including an increase in the Base Students Allocation, or BSA, but want it coupled with “policy changes” related to performance and an expansion of alternatives like charter schools and home-study options. Sen. Shelley Hughes, R-Mat-Su, speaking in a Senate Minority press briefing last week, also said new research on the national level indicates that when alternative schooling is offered and supported with funds that performance in public schools tends to improve. Hughes didn’t cite the sources of the research, but we’ll follow up on this.

House-Senate-Governor talks on school funding take a pause

Also in last week’s briefing Sen. Mike Cronk, R-Tok, said the four-caucus meetings of legislators on school funding would take a “pause” after three initial meetings. Those were productive in laying out issues but no agreements were made, Cronk said.

SB 23: Financial Literacy Education Program for Public Schools

SB 23, by Sen. Bill Wielechowski, D-Anchorage, was up in Senate Education Committee last week. The bill would teach students basic financial literacy to help them understand “common financial pitfalls and manage their money successfully,” as well as budgeting, investing, and managing debt, Sen. Wielechowski said. This bill was before the Legislature last year but introduced too late to make any real progress, the senator said. Alaska has some of the nation’s worst debt ratios with the average credit card debt being \$8,026, the senator said. That is about \$1,000 higher than the next state’s highest average. Average student loan debt in Alaska is \$35,821 and that number keeps going up, the senator said. It is \$2,000 more than last year when the earlier version of the bill was introduced. SB 23 allows schools to determine their own curriculum but would make it a requirement for students graduating in 2027 and beyond to have a passing credit in the class. Public testimony on SB 23 will be heard next week in the Senate committee.

Monday, Feb. 17, is the 27th day of the 120-day legislative session. One quarter finished!

. . . Projects . . .

Here are several Alaska energy projects President Trump has blocked so far

Here are energy projects being managed by the Alaska Energy Authority that are blocked by President Trump’s order to pause funding, according to AEA documents. “Pause” sounds temporary (the president says he wants to ensure projects conform with his political agenda) but no one really knows how long this will last given the chaos in Washington, D.C. The most important project so far where federal funds are frozen is the subsea HVDC power line from the Kenai Peninsula to Cook Inlet’s west side that would create a backup transmission loop for moving low-cost Bradley Lake power to the Mat-Su and Anchorage areas and around the existing Kenai Peninsula transmission line, which has constrained capacity. The federal grant is \$206.5 million. *The Alaska Energy Authority says it can keep the project moving (it is now in planning and engineering) using state funds appropriated for the federal match, but long lead-time equipment will soon have to be ordered which involves more costs.*

Here are selected other Alaska projects and programs on hold:

These total \$503.9 million in federal funds frozen but with a required local match of \$234.6 million the project expenditures would actually total \$738.5 million. The local (mostly state) has not yet been paid although some state funds appropriated for part of the HVDC power line match will be used this year to keep work on the big project underway (see above).

• Solar for All: Low-income community, residential solar grants	\$62.4 million
• Home efficiency rebates	\$37.2 million
• Home electrification and appliance rebates	\$37.1 million
• Energy grid resilience, to prevent outages	\$64 million
• Defense facility electrification, Black Rapids Army training facility	\$15.6 million
• High energy cost grants	\$2.9 million
• Transmission system upgrade acceleration grant	\$2.7 million
• Community wood energy, wood innovation	\$500,000
• Water and energy efficiency grants	\$5 million
• Energy future grants (new technology)	\$496,700
• Sustainable wood energy systems	\$310,000
• Kwethluk emergency generator repairs	\$350,000
• Ruby power plant upgrade	\$200,000
• Tuluksak power plant upgrade	\$200,000

These projects are “paused” but one Alaska project *canceled* is the \$52.4 million grant to AEA for electric vehicle charging stations. Several sites for the first phase of this have been selected along the Parks Highway corridor between Anchorage and Fairbanks. They would have been operated by private vendors. These will not happen now.

. . . Status of Bills . . .

Introduced in the House

- SB 87: Disapprove recommendations State Officers Compensation Commission (By S. RLS).....To RLS
- HB 82: Designate a state dinosaur (By Stapp)...To SA
- HB 83: Disapprove recommendations of State Officers Compensation Commission (By Stapp)To RLS
- HB 84: State Officers Compensation Commission and policies (By Stapp)..... To SA
- HB 85: Supplemental appropriations (By GOV).....
.....To FIN
- HB 86: Publication; use of communications; eavesdropping (By GOV)To L&C, JUD
- HB 87: March as Women’s History Month (By Hall)
.....To SA
- HB 88: Tuition waivers for family armed servicemen (By Eischeid)..... To EDU, FIN
- HB 89: Gun violence protective orders (By Josephson)To SA, JUD
- HB 90: Financial literacy program in schools By Eischeid)To EDU, FIN
- HB 91: Marijuana: tax; retail stores; **registration**.....To SA, FIN
- HB 92: CPR curriculum (By Gray)..... To EDU, FIN
- HB 93: Change residency requirements for hunting, trapping, sport fishing (By Himschoot).... To FSH, RES
- SB 15: Alcohol: sale, warning signs (By Merrick)
.....To L&C
- HB 94: Registration of marijuana establishments; tax exemption (By Tomaszewski)To L&C, FIN
- HB 95: Practice of midwifery; rename Board of Licensed Midwives (By Allard)To HSS, L&C
- HB 96: Home Care Employment Standards Advisory Board By PraxTo HSS, L&C
- HB 97: Organized retail theft/fund; marketplace sales tax (By Fields)To JUD, FIN
- HB 98: Maximum pupil-teacher ratio (By Fields)
.....To EDU, FIN
- HB 99: Money transmission; virtual currency (By Fields)To L&C, FIN
- HB 100: Federal political campaign tax (By Fields) ..
.....To SA, FIN
- HB 101: Crimes against minors (By Gray)
.....To JUD, FIN

Introduced in the House (Cont.)

- HB 102: Direct deposit of PFD in investment accounts (By Saddler)To SA, FIN
- HB 103: Coverage for disability from diseases for certain firefighters (By Saddler)To L&C, FIN
- HB 104: Address confidentiality program (By Mears)
.....To SA, FIN
- HB 105: Mental health education (By Galvin)
.....To EDU, FIN
- HB 106: Organized theft of medical records and medical information (By GOV)To JUD, FIN
- HB 107: Employee retirement benefits/SBS (By Tomaszewski)To FIN

House Committees’ Actions

- HB 48: Appropriations to the civil legal services fund (4 do pass, 2 no rec)JUD to FIN
- HB 57: Wireless telecommunications devices in public schools (5 do pass, 1 no rec).....L&C To EDU
- HB 31: Registration of commercial vessels; derelict vessel prevention program fund (7 do pass) FSH to FIN
- HB 60: Procurement, agricultural products and seafood (5 do pass, 2 no rec)FSH to L&C
- HB 65: Alaska Railroad Corp. financing (9 do pass)...
.....FIN to RLS

Bills moving last week

- HB 60, purchase preferences for Alaska seafood and agricultural products. House Fisheries committee moved the bill last Tuesday, Feb. 11.
- SB 79, employer payroll cards. Senate Labor and Commerce Committee moved this bill last Wednesday, Feb. 12. The bill allows wage payments by payroll card rather than a paper check.
- HB 65: House Finance Committee moved this bill last Wednesday, Feb. 12. The bill allows the Alaska Railroad Corp. to issue railroad bonds to finance a new cruise ship terminal in Seward. The bill failed at the last minute last year. The Senate Finance Committee will take up the bill Feb. 19.

... Status of Bills ...

Introduced in the Senate

- SB 90: Minor mental health; age of consent (By Giessel)To HSS, FIN
- SB 91: Large-scale clean energy projects (By RES)To RES, FIN
- SB 92: Corporate income tax on oil and gas entities (By Yundt)To RES, FIN
- SB 93: District-wide early education programs (By Tobin)To EDU, FIN
- SB 95: Child care assistance program; child care grant program (By RLS)To HSS, FIN
- SB 96: Child care: tax credits (By RLS)To L&C, FIN
- SB 97: Big game permit program (By RLS)To RES, FIN
- SB 98: Extend termination date of Board of Veterinary Examiners (By L&C)To L&C, FIN
- SB 99: Private professional conservators (By Myers)To L&C, FIN
- SB 100: Organized theft of medical records and medical information (By GOV)To JUD, FIN
- SB 101: Health and personal safety education (By Gray-Jackson)To EDU, HSS

Senate Committees' Actions

- SB 77: Permanent Fund; employment; eligibility (3 do pass, 2 no rec)L&C to SA
- SB 50: Comprehensive plans of first- and second-class boroughs (2 do pass, 2 no rec).....C&RA to L&C
- SB 73: Registration of marijuana establishments; tax exemption (2 do pass, 2 no rec, 1 amend)...L&C to FIN
- SB 47: Chugach State Park (2 do pass, 1 do not pass, 1 no rec)TRA to RES
- SB 60: May 1 as Myalgic Encephalomyelitis/Chronic Fatigue Syndrome Day (5 do pass)HSS to RLS
- SB 79: Wage payments (2 do pass, 2 no rec)L&C to RLS
- SB 80: Extend Big Game Commercial Services, Massage Therapists and Marijuana Control Boards (2 do pass, 2 no rec)L&C to FIN

Senate Floor Actions

- SB 15: Alcohol: sale, warning signsPASSED 19-0

Committee abbreviations:

RLS	Rules
FIN	Finance
RES	Resources
L&C	Labor and Commerce
JUD	Judiciary
HSS	Health and Social Services
EDUC	Education
MVA	Military and Veteran Affairs
ARCTIC	Special Committee on Arctic
TRI	Special Committee on Tribal Affairs

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 likely sign "do not pass." 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).

In committee last week

- Residential building codes, HB 80. House Labor and Commerce held hearings on Monday, Feb. 10 and Wednesday, Feb. 12.
- Tribal schools, HB 59. The House Special Committee on Tribal Affairs had this bill up Tuesday and Thursday, Feb. 11 and 13. The bill authorizes tribal schools.
 - Telehealth reimbursement rates, SB 83. The Senate Health and Social Services Committee took up this bill Tuesday, Feb. 11.
- House Labor and Commerce Committee took up HB 20 on Friday, Feb. 14. The bill prohibits fees charged for paper invoices, statements or other documents.
- Senate Transportation Committee held hearings Tuesday, Feb. 11, on Dept. of Transportation and Public Facilities funding for 2025 highway construction.

. . . University . . .

University asks \$5 million for program to recruit, retain students

– Continued from top, page 1

In response, UA is organizing marketing programs to retain more of these students. To attract more students, the university is asking for \$5 million in additional state general funds in the FY 2026 budget to be matched with \$5 million in university endowment funds, a total of \$10 million. If this is funded, estimates are that the increased university tuition and fee revenues will roughly equal the \$5 million of state funds appropriated. The University of Alaska Southeast is running a marketing/recruitment pilot test to encourage enrollment from out of state. It's thought that the physical beauty of the UAS campus and ample recreation opportunities would be a big draw for young people. If this works, just this pilot could result in 500 new students choosing to study in Alaska.

Trump's freeze on funding a worry for UA

However, among headwinds the university's fixed costs and deferred maintenance continue to rise. President Trump's recent Executive Orders freezing research grants is a new worry (the University of Alaska Fairbanks is a major research institution). Research revenues to UA are up nearly 50% over the last five years to about \$270 million. That's double what the university received in research funding 20 years ago. The university is having problems attracting certified instructors in key technical training programs, such as in maritime in UA's Southeast campuses as well as process technology, important to the oil and mining industries, and the mine training programs. The issue is mainly pay.

Some wins: Medical professionals, graduates for key industries

Other points made by President Pitney in her briefing to the House Finance Committee:

- The Legislature's approval of an expansion of the UA-University of Washington medical WAMI program from 20 to 30 Alaska students has resulted in 10 more Alaska medical students in the program this year. Graduate physicians are obligated to return to Alaska to practice.
- Between 2011 and 2023 about 27,000 students graduated from UA with degrees in high-demand programs like oil and gas, fisheries, construction and health care. Ninety percent went to work in the state within a year of graduation and 75% stayed to work long-term. That compares with 25% of young people who go out of state for college and return and 75% who remain out of state.

Deferred maintenance for university underfunded again?

The governor is asking for an increase in \$24.1 million in state Undesignated General Funds on the university's current-year \$331 million budget (state funds). (The university's Board of Regents had asked for \$34 million). Besides the marketing program, the budget includes \$400,000 for an expansion of the university's agriculture programs for the first time in years. UA's Regents asked for \$60 million toward the university's \$1.4 billion-plus deferred maintenance. The governor is proposing only \$24 million.

. . . Resources/Fiscal . . .

Republican Sen. Yundt drops in first bill on oil tax increase, aimed at Hilcorp

The Legislature may be looking at a \$500 million deficit in the FY 2026 budget and there's a lot of talk now about new revenues. Not surprising, lawmakers' first choice appears to be raising taxes on taxpayers who don't vote – oil and gas companies. A freshman Republican, Sen. Rob Yundt, R-Mat-Su, has introduced the first specific proposal.

Sen. Yundt's bill, SB 92, imposes a special state tax on oil producers who are organized as "S" corporations, in contrast to "C" corporations, as with most oil producers. S corporations do not pay the state corporate income tax that C corporations pay. The bill is aimed mainly at Hilcorp Energy, a major oil producer that is an S corporation. SB 92 has a certain threshold that would exempt small producers while targeting Hilcorp. People are still looking at the bill to determine what else it does. It appears to be a bit different than Sen. Bill Wielechowski's similar proposal last year. There's concern that HEX/Furie, a small company actively exploring for gas in Cook Inlet, could be hit. Also, major oil producers like ConocoPhillips and ExxonMobil could be indirectly affected. They own North Slope pipelines as separate corporations organized as S corporations. Yundt's bill could raise taxes on the pipeline companies.

There's also talk of changing a per-barrel tax credit in the state petroleum tax law that was part of SB 21, the overhaul of Alaska oil taxes enacted in 2013. Sen. Bill Wielechowski says that a revenue department analysis showed that a \$2 reduction in the \$8/barrel tax credit could be done with little adverse effect on taxpayers. More to come on this, we're sure.

Bills to aid struggling seafood industry expected in this week

Highly-anticipated bills to aid the state's struggling seafood industry are expected in this week, according to sources. They are sure to appear in the House special fisheries committee first. Legislators involved are still combing through proposals to determine what's most workable. The bills will be a product of the seafood task force that held extensive hearings last summer and fall. The seafood industry is being hit hard by global geopolitics including effects of Russia's war on Ukraine.

On fiscal issues, Sen. Shower says bipartisan task force plan should be revisited

On the over-arching fiscal issues that cloud education and other funding, Senate Minority Leader Sen. Mike Shower said "the math doesn't work" for the House and Senate Majorities' talk of new spending on education, pension reform, a \$500 million deficit and a constrained \$1,400 Permanent Fund Dividend, along with a need for new taxes. Shower said he was part of a bipartisan House-Senate fiscal policy task force established in 2021 that put forth a series of recommendations including a spending cap, a commission to retire programs no longer needed and, finally, a broad-based tax like a sales tax, but not an income tax. Recommendations made by the bipartisan group were never implemented. They should be revisited now, the senator said.

... Education ...

SB 41: Mental Health Education

SB 41 sponsored by Senator Elvi Gray-Jackson, D-Anchorage, had its first hearing in Senate Education this week. This bill is the third effort for this bill by Sen. Gray-Jackson. "In 2021 it was SB 80, reaching Senate Finance before dying on the floor. In 2023, SB 24 was on the House floor after being approved by the Senate and it almost passed, but didn't," she said. Mental health needs to be taught on the same level of physical health, the senator said. The bill directs the state Board of Education to create an age-appropriate curriculum to be taught in K-12 grades. The senator said parents are an important factor and would be advised no less than two weeks prior to the subject being taught in school. Anne Ringstad, the executive director of the National Alliance on Mental Health, said it is important to teach this to young ages as "50% of all mental health conditions begin by age 14 and 75% by age 25." Jen Griffis, with the Alaska Childrens' Trust, said "Suicide was the leading cause of death for Alaskans aged 15 to 24 in 2019." The bill was held and scheduled for a follow-up hearing the week of Feb. 21.

SB 22: Civics Education in Alaska Schools

Another bill back in the Legislature this year is Senate President Gary Stevens' effort to include civics in school curriculum. SB 22 was up in the Senate Education Committee last week and held for further discussion on Feb 21. The bill by Stevens, R-Kodiak, would include civics education in the curriculum for schools. "The legislation is modeled off of Kentucky and recently adopted in New York as well," Stevens said. SB 22 would add a required exam for graduating seniors. Lisa Boudreau, Director of State Policy for CivxNow, a national nonprofit promoting civics education, said "the best way to strengthen our democracy is to teach it."

• *Coming Monday, Feb 17: Alaska Industrial Development and Export Authority, briefing to Senate Finance Committee*

• *Alcohol server age, SB 15, in House Labor and Commerce Committee Monday, Feb. 17*

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