

- 2 0 2 3 -



Legislative Consultants

— *Alaska's leading lobbying firm* —

W W W . L O B B Y A L A S K A . C O M

- 2023 -



Legislative Consultants

— *Alaska's leading lobbying firm* —

WWW.LOBBYALASKA.COM



ALASKA STATE CAPITOL

Legislative Consultants

Alaska's leading lobbying firm

WWW.LOBBYALASKA.COM

Overview

Alaska State Legislative Session

Legislative Consultants, LLC

Wendy Chamberlain | Heather Brakes

July 27, 2023

Governor's FY 2024 Budget Proposal

The Dept of Revenue **2023** fall revenue forecast projected a per barrel oil price of **\$81/barrel.**

The Governors proposed FY 2024 budget totaled \$6.935 billion in Unrestricted General Funds (UGF).

➔ To balance this required oil prices to average **\$86/per barrel. This left a deficit of \$360 million.**

➔ ******* \$1 dollar fluctuation in per barrel price = \$90 million**

This deficit was offset using:

- ➔ AARA revenue replacement
\$10.6. million
- ➔ K-12 education forward funding
\$114 million
- ➔ SBR draw
\$19.6 million
- ➔ CBR draw
\$178 million



6 Months Later...

March 2024

the Dept of Revenue revised revenue forecast

\$73 per barrel

(\$8 per barrel less)

\$680 million LESS revenue



May 2023

Legislature passed a balanced budget leaving

\$90 million

surplus for fluctuations



Major Differences Between Governor's and Legislature's budgets

	Governor's Budget	Legislature's Budget
PFD	full statutory dividend \$3800 (\$2.4 billion)	PFD 75/25 percent of market value \$1,304. (\$900 million)
EDUCATION	No increase in BSA/Education	Increase K-12 Education funding \$680 per student \$174.9 million
CAPITAL BUDGET	Amended Capital budget \$303 million	Capital budget \$416 million

The good, bad and the ugly!

Vetoed –
\$200 million total

- ➔ **\$87 million** vetoed from Base Student allocation
- ➔ **\$30 million** from Community Assistance Program
- ➔ **\$20 million** from UAA campus
- ➔ **\$10 million** school major maintenance
- ➔ **\$5 million** ANSEP
- ➔ **\$3.5 million** from head start
- ➔ **\$2.5 million** tourism marketing

Veto

ANCHORAGE

- Community Assistance Fund - **\$30 million** (backfill vetoed)
- Lower Virgo Avenue emergency egress improvements - **\$420,000**
- Purchase and establish Eagle River cemetery - **\$1,500,000**
- Birchwood/Eagle River RSA – Starner Bridge Road and drainage
- Hillside RSA – drainage and ditching - **\$447,500**

STATEWIDE

- MHT – Crisis now grants - **\$500,000**
- Head start grants - **\$3.0 million**
- BSA veto - **\$86 million** (half of \$174.0 legislative increase)
 - Impact to ASD - **\$25 million**



Where there any wins?

YES, YES, YES!

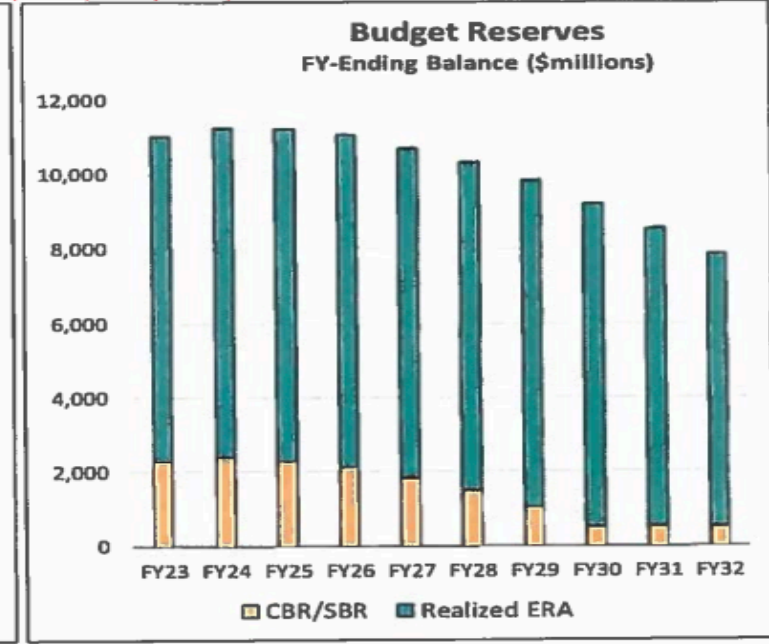
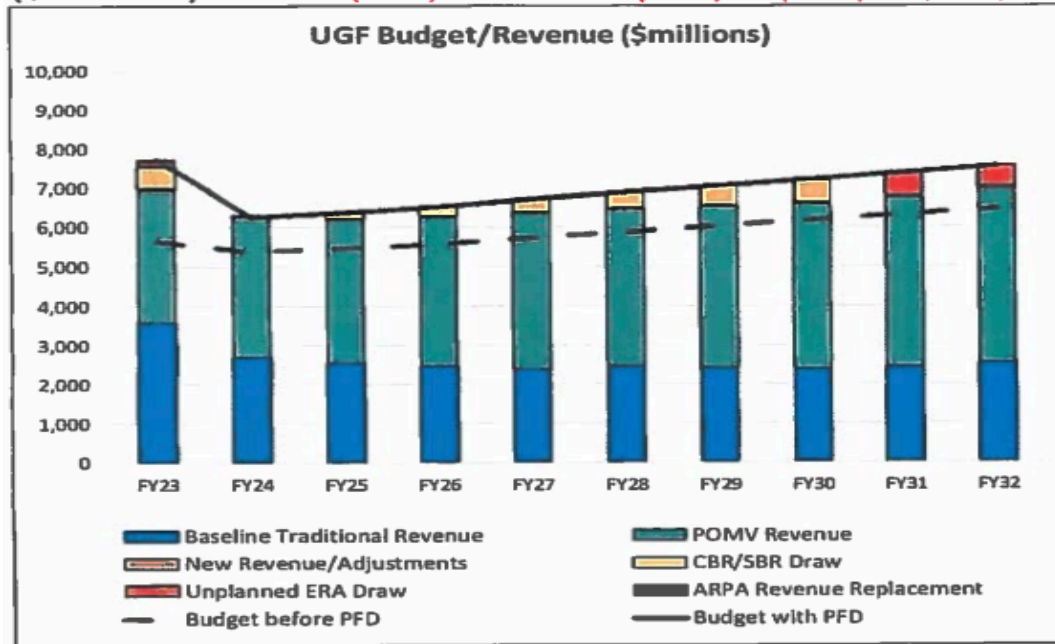
Thanks to the hard work of **ALL** Anchorage
Legislators, Assembly members, Mayor
Bronson and the Administration we **HELD**
STRONG

Senate Finance Baseline Budget

25% of POMV to PFD

APFC Returns: 7.05% FY24+
 Oil Price: DOR Spring FC
 Agency Ops: House CS1, 2.5% Growth
 Statewide: House CS1 FY24+
 Capital/Additional K-12: \$700m FY24, 2.5% Growth

Surplus/(Deficit) (\$millions)	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
	(758)	17	(160)	(250)	(347)	(399)	(497)	(599)	(620)	(584)



	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Effective POMV Draw Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.05%	5.67%	5.62%
PFD/Person	\$3,284	\$1,304	\$1,377	\$1,428	\$1,491	\$1,498	\$1,535	\$1,571	\$1,608	\$1,645

Legislative Finance Division

Revenue
Projections
Moving Forward

SENATE BILL 155:

Establishing a Port Authority to manage and operate the Port of Alaska.

(Sponsored by Senate Finance Committee)

LEGISLATIVE FINDINGS AND INTENT.

The legislature finds that it is in the best interests of the state to create an authority with the powers, duties, and functions needed to operate the Port of Alaska in Anchorage and manage its seaport, rail, industrial, and other properties in the best interests of the people of the state and to ensure that the authority is **exclusively responsible for managing the financial and legal obligations of the Port of Alaska**. The legislature considers the continued operation of the Port of Alaska by the authority as provided in this Act an essential government function of the state.

The Devil is in the Details



- **Public Corporation with DCED**
- **Separate and independent legal existence**
- **9 member board serving staggered terms**
 - Commissioner of DOT
 - Commissioner of Commerce and Community Development
- **Seven public members**
 - Member appointed by Senate President
 - One member appointed by the Mayor of Anchorage
 - 3 members appointed by Anchorage Assembly
 - One member must be a member of a bargaining unit represent employees
 - One members must have experience in domestic coastwise trade (see legislation)

Legislation That Is Moving (1/2)

SB 77

Blighted Property and property tax exemptions

Allows municipalities to fully exempt property taxes for economic development purposes. Currently, municipalities may only exempt the portion of property taxes that is above the district's required local contribution. SB 77 removes this limit for economic development properties. However, this change does not impact education funding.

Second, SB 77 allows local governments to levy a "blight tax". "on heavily deteriorated properties . A "blight tax" implements a higher tax on these properties. However, the blight tax is removed once the property owner submits a remediation plan, receives approval from the local government, and begins remediating the property.

HB 142

Sales tax

Imposes a two-cent tax on all sales of good and services purchase in Alaska and allows the legislature to share hold of this tax revenue with certain municipalities that meet certain criteria, including low proper. **May raise \$1 billion**

SB 89

E-Cigs

Imposes a 25 percent of the retail sales price of a closed electronic smoking product or a vapor product

Increases the age for online sales of e-cig products to persons aged 21 and over.

Maintains online sales of e-cig products to private individuals, provided there is an age verification process, and the tax is paid.

Requires a mandatory court appearance with a parent or guardian for minors (under 18) caught possessing tobacco or e-cig products.

Legislation That Is Moving (2/2)In



HB 8

Electric assisted bicycles (Vetoed by Governor)

Would have allowed electric assisted bicycles to be treated the same as bicycles for regulation and registration purposes.

HB 48

Carbon Credits

Gives the State of Alaska authority to develop carbon management projects on state lands and sell carbon offset credits and to lease state lands for carbon management purposes.



Legislative Consultants

— *Alaska's leading lobbying firm* —

Thank You



Legislative Consultants

— *Alaska's leading lobbying firm* —

Thank You