Legislative Consultants
Alaska’s leading lobbying firm
Overview

Alaska State Legislative Session

Legislative Consultants, LLC
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July 27, 2023
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

<table>
<thead>
<tr>
<th></th>
<th>Governor’s Budget</th>
<th>Legislature's Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PFD</strong></td>
<td>full statutory dividend $3800 ($2.4 billion)</td>
<td>PFD 75/25 percent of market value $1,304. ($900 million)</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td>No increase in BSA/Education</td>
<td>Increase K-12 Education funding $680 per student $174.9 million</td>
</tr>
<tr>
<td><strong>CAPITAL BUDGET</strong></td>
<td>Amended Capital budget $303 million</td>
<td>Capital budget $416 million</td>
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The good, bad and the ugly!

Vetoes – $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
Vetoes

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

Surplus/(Deficit) ($millions)

<table>
<thead>
<tr>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>FY32</th>
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<tbody>
<tr>
<td>(758)</td>
<td>17</td>
<td>(180)</td>
<td>(250)</td>
<td>(347)</td>
<td>(399)</td>
<td>(497)</td>
<td>(599)</td>
<td>(620)</td>
<td>(584)</td>
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</table>

UGF Budget/Revenue ($millions)

Budget Reserves
FY-Ending Balance ($millions)

Effective POMV Draw Rate

<table>
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<tr>
<th>FY23</th>
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<th>FY30</th>
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<th>FY32</th>
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<tr>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.00%</td>
<td>5.05%</td>
<td>5.67%</td>
<td>5.62%</td>
</tr>
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</table>

PFD/Person

<table>
<thead>
<tr>
<th>FY23</th>
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<tr>
<td>$3,284</td>
<td>$1,304</td>
<td>$1,377</td>
<td>$1,428</td>
<td>$1,491</td>
<td>$1,498</td>
<td>$1,535</td>
<td>$1,571</td>
<td>$1,608</td>
<td>$1,645</td>
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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)
**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.

**Sales tax**

Imposes a two-cent tax on all sales of goods 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 property. **May raise $1 billion**

**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)

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.
Thank You
Thank You