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City of Dillingham Legislative Report
4/13/25

It was another big week in the Capital City with major movement on the education bill (HB 69) and a tumultuous end to the House's work on the operating budget (HB 53) Friday. The Senate revealed the new bare-bones Capital Budget, and the Legislature continues its probe into the AKLNG project with AIDEA back at the committee table for further inquiries.

After significant changes were made to the House's version of HB 69 in the Senate Education Committee, the Senate adopted a committee substitute (CS) that stripped the bill down to just a few lines, limiting the bill to a \$1,000 increase to the base student allocation (BSA). This stripped-down version of the bill passed the Senate despite a clear message from the Governor indicating the bill would see his veto pen if left unchanged.

After lengthy debate on the Senate floor Friday, the bill passed along party lines and went to the House for concurrence. The House concurred with the Senate's version of HB 69 despite protest by the House Minority. The bill now goes to the Governor who will have 15 days to sign or veto the bill. It is looking increasingly likely that we will see a Special Session on Education this year.

HB 53, the operating budget, was similarly a point of contention this week as lawmakers tried (and failed) to reach a compromise on the Permanent Fund Dividend (PFD). During press conferences members of both caucuses in the House acknowledged that negotiations had stalled and called on the Governor to provide leadership to help break the deadlock. The latest version of HB 53 from House Finance retained a full PFD, resulting in an operating budget with a significant deficit. Members of the House Finance Committee majority attempted to address the issue before advancing the bill to the House floor, but their efforts were ultimately unsuccessful.

As a result, the version of HB 53 that includes a full Permanent Fund Dividend (PFD) passed out of committee and took center stage during House floor proceedings on Friday. Despite sending an amendment deadline of 5pm Monday, April 14th, a single amendment offered by the Finance Co-Chair changing the statutory



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dividend formula to a 75/25 split was offered and passed, sending House Minority members into a tailspin. With three members of their caucus gone, the House Minority did not have the votes to stop the reduced PFD amendment from passing.

The House adjourned shortly after passing the amendment, with tensions higher than ever between the two coalitions. Below is an outline by independent budget analyst, Neil Steineger, that shows the impact to the operating budget with the reduced PFD:

FY2025		FY2026	
Revenue (3/12 Forecast)		Revenue (3/12 Forecast)	
POMV	3,657.3	POMV	3,798.9
Traditional	2,604.1	Traditional	2,329.7
Total UGF Revenue	6,261.4	Total UGF Revenue	6,128.6
Expenditures		Expenditures	
Operating	5,093.2	Operating (HFIN)	5,213.3
Capital	330.7	Capital (SFIN)	174.7
Transfers	4.3	Transfers	6.6
PFD	914.3	PFD	949.7
Supplementals	113.0	Labor Contracts (Placeholder)	23.0
Total	6,455.5	Total	6,367.3
Surplus/(Deficit)	(194.1)	Surplus/(Deficit)	(238.7)

There's still more work to be done as indicated by the remaining deficit, but it is a significant step forward in getting to a balanced budget. The bill is expected to have a hefty amendment package by the deadline Monday for debate next week before the bill goes over to the Senate.

The Senate Finance Committee released its version of the capital budget on Thursday, presenting a significantly smaller budget compared to Governor Dunleavy's original submission. The committee's version includes approximately \$120 million less in project funding. These reductions were achieved by beginning with a "federal match only" framework introduced the previous week and selectively adding back projects related to the maintenance of state buildings and vessels. You can watch the bill's presentation [here](#).

With Easter around the corner, it will be a somewhat light week next week for committee hearings outside of the budget bills.



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It's also expected that visitors will see progress on the Capitol's new screening procedures, with a notification sent out this week that equipment may be installed as early as Monday, so plan accordingly when visiting the Capitol.

Upcoming Schedule

Description	Date, Time & Location
BARNES 124 -HOUSE COMMUNITY & REGIONAL AFFAIRS += HB 13 MUNICIPAL PROPERTY TAX EXEMPTIONS TELECONFERENCED -- Invited & Public Testimony -- += HB 162 DIGITAL PRODUCT REPAIR TELECONFERENCED -- Testimony -- + Bills Previously Heard/Scheduled TELECONFERENCED	Tue 4/15/25 8:00 AM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
<u>HB 1</u>	Specie As Legal Tender	MCCABE	(H) STATE AFFAIRS at 03:15 PM GRUENBERG 120 (4/15) 04/15/25 3:15 PM in GRUENBERG 120	

This legislation would allow gold and silver specie to be used as legal tender in Alaska, exempting them from borough and city sales and use taxes. It also defines specie and requires a study on establishing additional forms of legal tender for state debts.

<u>HB 13</u>	Municipal Property Tax Exemptions	GRAY	(H) -- Invited & Public Testimony -- (4/15) 04/15/25 8:00 AM in BARNES 124	
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This legislation would allow municipalities to exempt certain properties from taxation, including long-term rental units converted from short-term rentals, mobile home parks for up to 10 years, and real property rented to low-income families at affordable rates, promoting affordable housing and community development.

<u>HB 18</u>	Vehicles/boats: Transfer On Death Title	RAUSCHER	(H) Heard & Held (2/13)	
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This legislation aims to simplify the process of transferring ownership of vehicles and boats in Alaska upon the death of the owner. The bill allows the owner to obtain a "transfer on death title" for their vehicle or boat, which automatically transfers ownership to a designated beneficiary upon the owner's death.

<u>HB 26</u>	Statewide Public & Community Transit Plan	MINA	(H) REFERRED TO RULES (4/11)	
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This legislation would require DOT to develop a comprehensive, long-range intermodal transportation plan, including public, tribal, and community transit programs. It also mandates the department to study alternative means of transportation, considering economic, social, and environmental effects.

HB 31	Vessels: Registration/derelect Fund	STUTES	(H) VERSION: HB 31 (4/11)	
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This bill would exempt active commercial fishing vessels from duplicative registration requirements created by the passage of SB 92, “the derelict vessel bill,” in 2018. Specifically, the bill removes the requirement for U.S. Coast Guard (USCG) documented vessels with a current Commercial Fisheries Entry Commission (CFEC) license to register every three years with the Division of Motor Vehicles (DMV).

HB 78	Retirement Systems; Defined Benefit Opt.	HOUSE FINANCE	(H) Heard & Held (4/4)	
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This bill would amend Alaska's retirement systems, allowing certain employees to choose between defined benefit and defined contribution plans. The legislation applies to teachers and public employees who first became members of the defined contribution retirement plan after June 30, 2006, and before July 1, 2025. It also provides for the transfer of contributions and purchase of credited service, and makes changes to medical benefits, actuarial assumptions, and plan administration.

HB 80	Residential Building Code	HOUSE LABOR & COMMERCE	(H) Minutes (HL&C) (2/12)	
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HB 80 establishes the Alaska State Residential Building Code and the Alaska State Residential Building Safety Council. The bill requires residential contractors to obtain an endorsement to work on privately-owned residential structures of one to four units and comply with the state residential building code, excluding owner-built homes and recreational cabins. The Alaska Housing Finance Corporation is responsible for adopting and administering the state residential building code, which is based on the 2018 International Residential Code. The bill also allows municipalities to adopt a nationally recognized residential building code in place of the state code. The Alaska State Residential Building Safety Council is established to provide independent analysis and recommendations to the Alaska Housing Finance Corporation during the code adoption and update process. The bill takes effect on January 1, 2026.

HB 169	Municipal Property Tax Exemption	TO-MASZEWSKI	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (4/2)	
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This bill would exempt primary residences of residents 65+, disabled veterans, and their widows/widowers from municipal property taxes on the first \$250,000 (an increase from existing \$150,000) of assessed value. Municipalities may grant additional exemptions for hardship cases or service-connected deaths. Effective immediately.



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<u>SB 50</u>	Municipal Comprehensive Plans: Housing	DUNBAR	(H) REFERRED TO RULES (4/11)	
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This bill would require first and second-class boroughs to include a housing plan in their comprehensive plans. The bill aims to guide physical, social, and economic development, including private and public sectors, and provide recommendations for implementation.

<u>SB 55</u>	Trs Contr Rate; Pers/trs Soc Secur Or Sbs	STEDMAN	(S) -- Invited & Public Testimony -- (4/14)	
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This bill would adjust employer contributions in the Teachers' Retirement System and supplemental employee benefits. It amends contribution rates and eligibility for the supplemental employee benefits program, particularly for employers not participating in the federal social security system. The bill takes effect on July 1, 2025.

<u>SB 79</u>	Payment Of Wages; Payroll Card Account	SENATE LABOR & COMMERCE	(H) Heard & Held (3/24)	
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This bill would amend Alaska's wage payment laws to allow employers to pay employees via payroll card accounts, provided employees have voluntarily authorized the method. The bill sets requirements for payroll card accounts, including cost-free withdrawals, balance checks, and insurance of employee wages.

<u>SB 81</u>	Public Employer Pension Contributions	STEDMAN	(S) Heard & Held (4/4)	
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This bill would adjust employer contribution rates in Alaska's Teachers' Retirement System and Public Employees' Retirement System. It ensures the annual employer contribution rate covers normal costs, past service liability, and required employer contributions.

<u>SB 130</u>	Fisheries Prod Development Tax Credit	RULES	(S) Moved CSSB 130(RES) Out of Committee (4/11)	
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This bill expands the Fisheries Product Development Tax Credit to further incentivize value-added products, new technologies, and innovative processes that enhance the quality and value of Alaska's seafood.

<u>SB 131</u>	Duties Of Asmi Board; Meaning Of Seafood	RULES	(S) Heard & Held (4/9)	
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This legislation would allow the Alaska Seafood Marketing Institute (ASMI) to promote and market aquatic farm products as defined in AS 16.40.199 as ASMI currently does for other commercially-caught seafood and their by-products. Currently, ASMI is prohibited by statute from marketing or promoting Alaska aquatic farm products such as oysters and seaweed.

<u>SB 135</u>	Refund Of Fish Business Tax To Munis	RULES	(S) Moved CSSB 135(RES) Out of Committee (4/11)	
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This bill would revise how fisheries tax revenue from the fisheries business tax and the fishery resource landing tax is distributed to or “shared” with municipalities in Alaska. Its intent is to ensure that additional revenue provided under this act is used by municipalities specifically for the maintenance and improvement of harbor facilities.

<u>SB 140</u>	Fire Station Grant Program	STEDMAN	(S) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (3/24)	
<u>SB 161</u>	Prohibit Bottom Trawling	CRONK	(S) REFERRED TO RESOURCES (4/9)	