NAVIGATE AK

2026 ALASKA LEGISLATIVE SESSION WRAP-UP

Session Overview

The 34th Alaska Legislature adjourned its regular session late evening on Wednesday, May 20, after 121 days. Lawmakers passed 111 bills across the two-year term, addressing energy, education, public safety, workforce development, and fiscal policy in meaningful ways. But the session will also be remembered for what did not get done: the pension bill was vetoed, the gas pipeline tax legislation ran out of time, and a special session began the very next morning. The coalition dynamic produced productive bipartisan work on many fronts, even as the relationship between the Legislature and Governor Dunleavy remained strained. Dunleavy vetoed 12 bills during the 34th Legislature, including the pension bill just hours before adjournment.

What's Next: Special Session on the Gas Pipeline

Governor Dunleavy called a 30-day special session beginning May 21, focused solely on legislation to advance the Alaska LNG Project. The core issue is property tax relief for Glenfarne, the project developer, to improve the project's financial viability. The governor introduced his gas pipeline tax proposals on March 20, halfway through the regular session, and the compressed timeline prevented passage before adjournment.

Key unresolved issues include the property tax rate on pipeline infrastructure, a potential spur gas line to Fairbanks, a price ceiling for gas sold to Alaska utilities, whether municipalities can take equity in the project in lieu of taxes, and local impact fund structures. New bills (SB 2001 and HB 2001) were introduced for the special session alongside the surviving regular-session bills (HB 381 and SB 280).

As of May 22, the Senate Finance Committee is set to begin hearings on May 27, and the House Finance Committee held its first hearing on May 21. Both chambers have recessed until June 4, with finance committees doing the work in the interim while most lawmakers return to their districts. The governor has stated he will call special session after special session until a bill acceptable to him passes. Legislators remain skeptical about the scope of tax relief needed, and U.S. Interior Secretary Doug Burgum made a public appearance urging Alaska to move the project forward.

Budget and Fiscal Outcomes

The Legislature passed a balanced operating budget that reduces overall Unrestricted General Fund spending by $910 million and eliminates the $1.1 billion deficit in the Governor's proposed budget. The Permanent Fund Dividend was set at $1,200 per person, down from the Governor's proposed $3,700. That $1.5 billion in savings was redirected toward school maintenance, state infrastructure, vocational training, and community assistance. The capital budget is heavy on energy, housing, and infrastructure investments. Both budgets now sit on the Governor's desk, where vetoes are expected. The Legislature also funded community jails at locally submitted budget levels ($14.5 million), fully funded PILT and SRS, and allocated $30 million to recapitalize Community Assistance plus an additional $50 million for increased distribution this year.

Landmark Legislation

- **Omnibus Crime Bill (HB 239):** Passed nearly unanimously (Senate 20-0, House 39-1), this sweeping package rolled 14 bills into one. Key provisions raise the age of consent from 16 to 18, criminalize AI-generated child sexual abuse material, increase penalties for hit-and-run fatalities, close loopholes in sexual assault statutes, and restructure the Board of Parole. Awaiting the Governor's signature.
- **Pension Bill (HB 78):** The Legislature passed a bill to restore defined benefit pensions for public employees and teachers for the first time since 2006. Governor Dunleavy vetoed it on May 18, and the override attempt on May 19 failed 33-27, seven votes short of the 40 needed. Supporters framed HB 78 as a workforce retention tool expected to save $240 million in turnover costs against $73 million in annual implementation costs. Proponents say the issue is teed up for the 2027 session under a new governor.
- **Education (HB 28):** This omnibus education bill authorizes a pilot program for teacher student loan repayment as a recruitment tool, funds school energy costs, increases boarding school support, tightens oversight of correspondence study programs, and launches a study of K-12 funding formulas. The operating budget also includes $115 million in one-time school funding and $30 million in energy relief for school districts.
- **Rural Fuel Crisis Response (HB 388):** Expanded state bulk fuel loan limits from $750,000 to $1.5 million to help rural communities pay for fuel amid prices that have doubled in some western Alaska communities due to the war in Iran. Passed quickly through both chambers.
- **AIDEA Workforce Housing (HB 184):** Expands AIDEA's authority to finance housing development projects with three or more units. Passed both chambers and is awaiting transmittal to the Governor.
- **Prompt Payment (HB 133):** Requires state agencies to pay contracts with nonprofits, municipalities, and tribes within 30 days or face late payment fees.
- **Digital Tax (HB 280):** Amends the multi-state tax compact for corporate income tax paid by out-of-state companies selling in Alaska, including telecom, broadcast, and financial institutions. Passed on the final day. The Governor is expected to veto this bill, similar to a bill he vetoed last September.
- **Campaign Finance (HB 16):** Imposes campaign contribution limits, but the House failed to get the 27 votes needed for a delayed effective date, meaning the bill could take effect during the current election cycle. A veto is likely.

As we move though special session periodic updates will be provided. If you have questions related to bills and the status, please reach out for details.

Have a wonderful summer.

Dianne