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## **City of Unalaska Legislative Report** **3/2/25**

\*\* NOTE The Alaska Legislative BASIS System has been down since Friday, as well as AT&T has had service delivery issues in Southeast Alaska over the last several days. In this report the scheduled hearings will show up, but the detail will not. Once the BASIS system is back online, I will send an updated schedule report. Until then, I will do my best to notify you by email of upcoming meetings.

As the budgetary process continues in Juneau for the fiscal year 2026, public testimony has been sought regarding the Governor's budget proposals. The Senate Finance Committee and multiple House Finance Subcommittees are engaged in discussions. For those seeking detailed insights, the Legislative Finance Division has prepared a summary covering the state's budget process and the current standings, you can see it [here](#).

Last week, members of Alaska's construction industry gathered to express urgent concerns to lawmakers over the anticipated challenges for the 2025 construction season. The Association of General Contractors (AGC) has formally communicated to the Governor and Legislators the pressing issues at hand. The Alaska Department of Transportation (DOT) testified before several legislative committees regarding ongoing delays to federal highway construction contracts. While the DOT recognized a decrease in contractor payments compared to last year, they assured the legislature they were confident they would be able to get new projects for bidding in the upcoming year. Based on the last 18 months of delays at DOT, the contractors are not as optimistic. Either way, 2025 will be a dismal year for the highway contractors.

In an effort to tackle Alaska's revenue shortfalls without imposing new taxes on residents, the Senate Majority introduced Senate Bills 112 and 113. Key features include:

SB 113: This bill aims to modernize Alaska's corporate income tax laws, particularly concerning online sales by out-of-state corporations. It proposes a transition to market-based sourcing, which would tax businesses based on the location of their customers rather than their operational base.

-SB 112: This legislation seeks to reform oil tax credits by adjusting the per-barrel credit structure from a range of \$8-\$1 to \$5-\$1. The Senate Majority anticipates that these reforms will prevent a substantial loss in revenue, potentially generating between \$25 and \$65 million annually. The Senate Majority says these proposals are designed to foster a more equitable tax landscape while encouraging investment within Alaska's economy.

On the federal front, significant concerns were reported with the passage of a budget resolution cutting \$880 billion from the U.S. House Committee on Energy & Commerce budget over a decade. Key implications include:



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- Potential cuts to Medicaid and Medicare, with Medicaid expected to bear the most significant reductions.
- Medicaid is critical for healthcare coverage in Alaska, supporting one-third of the state's residents and funding crucial services such as hospitals, clinics, and pharmacies. It also plays a vital role in employment within the healthcare sector, supporting approximately 12% of jobs statewide.

Currently, Alaska spends approximately \$2.8 billion annually on Medicaid, of which the federal government covers \$2.1 billion and the state funds \$730 million. Should the budget resolution proceed without amendments, the anticipated cuts to Medicaid and Medicare could exacerbate the existing budgetary challenges facing Alaska.

As Alaska navigates its budgetary process amid potential federal funding cuts, the focus remains on finding legislative solutions that bolster the state's economy and address immediate concerns within the construction industry. The upcoming weeks will be critical as lawmakers deliberate on these proposed revenue measures while bracing for significant shifts in federal funding dynamics. Stakeholder engagement and continued public testimony will be essential in shaping an effective financial strategy for Alaska's future.

### Upcoming Schedule

Description	Date, Time & Location
SENATE LABOR & COMMERCE	Mon 3/3/25 1:30 PM

Bill	Title	Prime Sponsor	Status & Upcoming Hearings	Position
<a href="#">HB 1</a>	Specie As Legal Tender	MCCABE	(H) REFERRED TO STATE AFFAIRS (1/22)	

HB 1, titled "Specie As Legal Tender," aims to establish gold and silver specie as legal tender in Alaska. The bill prohibits boroughs and cities from levying sales and use taxes on the sale or exchange of specie. It defines specie as gold or silver valued primarily based on its metal content, in the form of coins or bullion stamped with its weight and purity. The bill also authorizes the Legislative Budget and Audit Committee to study the possibility of establishing additional forms of legal tender.

<a href="#">HB 13</a>	Municipal Property Tax Exemptions	GRAY	(H) REFERRED TO COMMUNITY & REGIONAL AFFAIRS (1/22)	
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<a href="#">HB 18</a>	Vehicles/boats: Transfer On Death Title	RAUSCHER	(H) Heard & Held (2/13)	
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<a href="#">HB 26</a>	Statewide Public & Community Transit Plan	MINA	(H) Heard & Held (2/27)	
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<a href="#">HB 31</a>	Vessels: Registration/derelict Fund	STUTES	(H) REFERRED TO FINANCE (2/12)	
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<a href="#">HB 78</a>	Retirement Systems; Defined Benefit Opt.	HOUSE FINANCE	(H) Heard & Held (2/27)	
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HB 78 is a bill that allows certain employees to opt-in to the defined benefit retirement plan. The bill impacts municipalities as it affects the retirement plans of their employees. 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.

<a href="#">SB 10</a>	Paid Family Leave/wage Replacement Insur.	DUNBAR	(S) REFERRED TO LABOR & COMMERCE (1/22)	
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<a href="#">SB 50</a>	Municipal Comprehensive Plans: Housing	DUNBAR	(S) -- Testimony <Invitation Only> -- (3/3)	
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SB 50 amends Alaska Statute 29.40.030(a) to 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 in these boroughs, addressing housing needs and providing recommendations for implementation of the comprehensive plan.

<a href="#">SB 79</a>	Payment Of Wages; Payroll Card Account	SENATE LABOR & COMMERCE	(H) REFERRED TO LABOR & COMMERCE (2/26)	
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SB 79 is a bill that relates to wage payments in Alaska. The bill amends existing law to allow employers to pay employees' wages by crediting a payroll card account, but only if the employee has voluntarily authorized the credit or has not authorized deposit of their wages. The bill requires employers to notify employees of their wage payment options, payroll card terms and conditions, and fees associated with the payroll card.

The bill aims to provide employees with greater flexibility and protection in receiving their wages, while also allowing employers to use payroll card accounts as a convenient and cost-effective way to pay employees.