

STATE OF ALASKA

STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 994 557 68#
Juneau, Alaska 99811
March 26, 2024
2:00 PM Alaska Time



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
Call-in: (907) 202-7104,
Conference ID: 994 557 68#

March 26, 2024, at 2:00pm Alaska Time

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the October 18, 2023, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2024-01 – Authorizing the General Obligation Refunding Bonds of the State of Alaska, Series 2024A
 - B. Resolution 2024-02 – Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2024 (Veterans Mortgage Program)
- VIII. Debt Manager’s Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

STATUS: Active

NOTICE OF PUBLIC MEETING: STATE OF ALASKA -
STATE BOND COMMITTEE ('SBC') - March 26, 2024

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE ('SBC')

Notice is hereby given that the State of Alaska - SBC will hold a meeting on March 26, 2024, at 2:00 p.m. AK. This will be a telephonic meeting, with participation at (907) 202-7104, with code 994 557 68#.

The public is invited to attend and will be given the opportunity for public comment and participation. The SBC complies with Title II of the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973. Individuals who may need special modifications to participate should call (907) 465-2893 prior to the meeting.

- AGENDA FOR SBC MEETING:
- I. Call to Order
 - II. Roll Call
 - III. Public Meeting Notice
 - IV. Approval of Agenda
 - V. Minutes of the October 18, 2023, SBC Meeting
 - VI. Public Participation and Comment
 - VII. New Business:
 - A. Resolution 2024-01 – Authorizing the General Obligation Refunding Bonds of the State of Alaska, Series 2024A;
 - B. Resolution 2024-02 – Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2024 (Veterans Mortgage Program)
 - VIII. Debt Manager's Report
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Dated March 19, 2024
(907) 465-2893

Attachments, History, Details

Attachments

[SBC Agenda 3-26-2024.pdf](#)

Revision History

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Details

Department:	Revenue
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Sub-Category:	
Location(s):	Statewide
Project/Regulation #:	

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Events/Deadlines:

**MINUTES of the
STATE BOND COMMITTEE
October 18, 2023**

A meeting of the State Bond Committee (SBC) was held at 10:02 a.m. Alaska Time on October 18, 2023. The meeting was held telephonically at 1-907-202-7104, with code 378 118 011#.

SBC Members present were:

Fadil Limani, Deputy Commissioner, Delegate for the Department of Revenue ("DOR")
Micaela Fowler, Deputy Commissioner, Delegate for the Department of Commerce, Community and Economic Development ("DCCED")
Dave Donley, Deputy Commissioner, Delegate for the Department of Administration ("DOA")

Also present were:

Ryan Williams, Debt Manager, Department of Revenue
Les Krusen, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the SBC

I. Call to Order

Committee members Dave Donley, Fadil Limani, and Micaela Fowler were present. Ms. Fowler called the meeting to order at 10:02 a.m. Alaska Time on October 18, 2023.

II. Roll Call

Mr. Williams took roll call. Mr. Donley, Mr. Limani, and Ms. Fowler were present. There was a quorum.

III. Public Meeting Notice

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Williams stated the meeting was properly noticed, advertised on the State's Online Public Notice site. The notice was officially published on October 6, 2023, for this October 18, 2023, meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. The Agenda needed no modifications. Mr. Limani moved adoption of the October 18, 2023, SBC Agenda as written, and Mr. Donley seconded the motion. Ms. Fowler asked Mr. Williams to take roll call due to it being a virtual meeting. Mr. Williams conducted a roll call vote and there were three 'yes' votes

and the Agenda was unanimously approved and adopted by all SBC members as written with no modifications and no objections.

V. Minutes of the June 1, 2023, SBC Meeting

The Minutes of the June 1, 2023, SBC Meeting were reviewed by the committee. The Minutes needed no modifications. Mr. Donley moved adoption of those minutes as written, and approval was seconded by Mr. Limani. Mr. Williams conducted a roll call vote and there were three 'yes' votes and the June 1, 2023, SBC meeting minutes were unanimously approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Ms. Fowler asked for public participation and comment. There was none. The Public Comment period was closed.

VII. New Business

SBC Resolution No. 2023-04 – Providing for Clean Water BANs 2023 Series A, and Drinking Water BANs 2023 Series B

Mr. Williams noted that he has been working with DEC, DOA, and DOR regarding the annual overnight revenue Bond Anticipation Note (BAN) transaction for the Alaska Clean Water and Drinking Water Funds (CW/DW Funds). Mr. Williams noted that while money in the CW/DW Funds is restricted by Federal law, the interest income on principal held in the Funds and the interest income on loans made by the Funds could be used to repay debt service of the Funds. Additionally, the EPA has confirmed that money borrowed by the Funds could be used as State match to obtain federal grants. Mr. Williams stated that DEC had provided amounts necessary for the annual overnight borrowing for both the CW and DW funds. Mr. Williams stated that for several years Orrick and KeyBank have assisted with the underlying requirements for the overnight borrowing transaction for the Funds and both Orrick and KeyBank have kindly agreed to do so for the fiscal year 2024 transaction, which is anticipated to occur on November 14th and 15th, 2023. Additionally, Les Krusen as bond counsel to SBC, Orrick, Herrington, Sutcliffe LLP, has provided the resolution and is willing to oversee closing documentation to complete the transaction. Mr. Williams stated that additional details of the transaction are contained in the MOU behind Resolution 2023-04, and the parameters are anticipated to be near final with final confirmation and review coming from associated parties. The Resolution 2023-04 contains an issuance cost and interest fee cap at \$15,000, with estimated costs expected to come in slightly less. Mr. Krusen described Resolution 2023-04 in more detail, noting that the resolution provides for a CW Revenue BAN, 2023 Series A, with aggregate principal amount of up to \$2,013,200, and a DW Revenue BAN, 2023 Series B, with aggregate principal amount of up to \$2,856,600. Mr. Krusen noted that the date of issuance and final maturity date shall occur no later than December 31, 2023, and the total costs of issuance of the Notes, including total interest payable on the Notes, shall not exceed \$15,000. Mr. Williams restated the anticipated November 14th and 15th dates

for the transaction to occur. Mr. Williams noted that this is at least the second decade conducting the CW/DW transaction with this structure. Ms. Fowler asked for any additional comments from the committee. Mr. Limani asked for unanimous consent on this Resolution before the committee and Mr. Limani moved to adopt Resolution 2023-04. Mr. Donley seconded the motion. Mr. Williams took a roll call vote, and the State Bond Committee then approved Resolution 2023-04 with three yes votes, a unanimous vote by SBC members.

SBC Resolution No. 2023-05 – Providing for the December 31, 2023, allocation of Private Activity Bond Volume Limit (PABVL) for the State of Alaska for Calendar Year 2023

Mr. Williams noted that Resolution 2023-05 before the committee relates to the State of Alaska's allocation of the PABVL for calendar year 2023. Mr. Williams noted that the code limits the amount of private activity bonds that may be issued, and every year Alaska, through the State Bond Committee, allocates the limit of volume cap among issuers in the State. Mr. Williams noted that the State of Alaska's calendar year 2023 volume cap available is \$358,845,000, which is the minimum amount per the IRS, as Alaska does not use the population calculation due to our low population size. Mr. Williams mentioned that AHFC has been the main issuer and recipient of the cap over the last eight or more years, and there has been low competitiveness for this allocation over that same timeframe. Mr. Williams mentioned that AIDEA has been allocated a portion of volume cap in the distant past, but there have been no requests this year, and AHFC is the most likely candidate to roll forward cap for potential use as identified and rolled forward by AHFC. Mr. Williams noted that he contacted AIDEA and ARRC and they didn't have an identified need for the cap at this time. Mr. Williams then mentioned that AHFC would have to file the roll forward with the IRS no later than February 15th of the following calendar year (carryforward date - February 15, 2024). Mr. Williams noted that the Resolution 2023-05 provides for the December 31, 2023, date of the full allocation to AHFC, should there be no requests before that time. If there were any requests prior to the end of Calendar year 2023, Mr. Williams would notify the Chair, and an additional SBC meeting would be necessary for allocation consideration; however, he mentioned this was a low probability and at 12/31/23 the entire allocation would go to AFHC. Mr. Limani moved to adopt Resolution 2023-05, and Ms. Fowler seconded. There was no additional discussion. Mr. Williams conducted a roll-call vote and there were three 'yes' votes and Resolution 2023-05 authorizing the allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2023 in the amount of \$358,845,000 to AHFC, provided for as of December 31, 2023, was approved unanimously by SBC members.

VIII. Debt Manager's Report

Mr. Williams presented on the following items not already covered during the meeting:

Upcoming Budget – Mr. Williams in the process of providing annual information to identify the FY 2025 debt service needs for the State's GO bonds, subject to appropriation lease revenue obligations and certificates of participation.

Mr. Williams stated that the State of Alaska will be updating rating agencies at the beginning of 2024, with forthcoming updates to the budget and revenue forecast. The presentations will cover current FY2024 budget activity, the Fall 2023 Revenue Forecast, and other current events.

Mr. Williams discussed that on July 20, 2023, Kroll Bond Rating Agency (KBRA) released a rating on the outstanding State GO Bonds at “AA” with an outlook of stable. Mr. Williams noted that enclosed in the SBC packet is a copy of the detailed KBRA report, covering several rating assessments from KBRA’s perspective. Mr. Williams stated that he believed the report is extremely detailed and covers a broad range of analysis based on the State.

IX. Committee Member Comments

There were no additional comments.

X. Schedule Next Meeting

Ms. Fowler stated that the next meeting shall occur at the call of the Chair with input from the State Debt Manager. Mr. Williams stated that he would notify the chair of need.

XI. Adjournment

Adjournment of the meeting was moved by Mr. Limani and seconded by Ms. Fowler. The meeting was adjourned at 10:22 a.m. Alaska Time.

Julie Sande, Commissioner, Department of Commerce, Community,
and Economic Development

ATTEST:

Adam Crum, Commissioner, Department of Revenue

STATE BOND COMMITTEE
OF THE STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024A

RESOLUTION NO. 2024-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation refunding bonds of the State in the aggregate principal amount of not to exceed \$125,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

ADOPTED ON MARCH 26, 2024

Prepared by:
Orrick, Herrington & Sutcliffe LLP

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* This Table of Contents and the cover page are not a part of the following resolution and are included only for the convenience of the reader.

RESOLUTION NO. 2024-01

A Resolution of the State Bond Committee of the State of Alaska, providing for the issuance and sale of general obligation refunding bonds of the State in the aggregate principal amount of not to exceed \$125,000,000; approving the sale of such bonds; and authorizing the Designated Representative to approve the interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth herein.

WHEREAS, the State of Alaska (the “State”) now has outstanding its General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment), issued pursuant to Resolution No. 2010-07, adopted on November 17, 2010, in the original principal amount of \$119,570,000 (the “2010A Bonds”), maturing in remaining principal amounts and bearing interest as follows:

<u>Maturity Years (August 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2026	\$ 4,090,000	5.242 %
2027	4,235,000	5.342
2028	4,390,000	5.442
2029	19,825,000	5.542
2030	20,560,000	5.642
2033*	66,470,000	5.742

* Term Bond

; and

WHEREAS, the 2010A Bonds are subject to extraordinary optional redemption (“EOR”) prior to maturity, in whole or in part and, if in part, in such principal amounts as the State shall determine, at the applicable 2010A EOR Make-Whole Redemption Price (as defined herein), on any date on or after the date that (i) a change has occurred to Section 54AA or Section 6431 of the Code, or any guidance is published by the Internal Revenue Service or the United States Treasury with respect to such sections or any other determination is made by the Internal Revenue Service or the United States Treasury, pursuant to which the State’s Build America Subsidy Payment from the United States Treasury with respect to interest paid on the 2010A Bonds is reduced or eliminated or (ii) the United States Treasury fails to make any such Build America Subsidy Payments to which the State is entitled and such failure is not caused by any action by or failure to act by the State; and

WHEREAS, it appears that debt service savings may be obtained by refunding all or a portion of the Prior Bonds through the issuance of the Bonds; and

WHEREAS, pursuant to AS 37.15.210, general obligation bonds of the State may be refunded by the issuance of general obligation refunding bonds of the State if, in the opinion of the State Bond Committee (the “Committee”), the refunding is advantageous to and in the best interest of the State and its inhabitants, and such refunding bonds may be sold in the manner and at the prices that the Committee determines to be for the best interest of the State and its inhabitants; and

WHEREAS, the Committee has determined to delegate authority to the State Debt Manager, the Secretary of the Committee or their respective designees (the “Designated Representative”), for a limited time, to approve the interest rates, maturity dates, interest payment dates, redemption provisions and principal amounts under the terms and conditions approved by this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA:

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

“**2010A Bonds**” means the General Obligation Refunding Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment), of the State issued on December 14, 2010, as more particularly described in the recitals of this resolution.

“**2010A Registrar**” means The Bank of New York Mellon Trust Company, N.A., as paying agent and registrar of the 2010A Bonds.

“**Beneficial Owner**” means the beneficial owner of all or a portion of a Bond while such Bond is in fully immobilized form.

“**Bond Register**” means the registration books maintained by the Bond Registrar setting forth the names and addresses of owners of the Bonds.

“**Bond Registrar**” means U.S. Bank Trust Company, National Association, as authenticating agent, paying agent and registrar with the duties and powers herein provided, including its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Section 3.

“**Bonds**” means the State of Alaska General Obligation Refunding Bonds, Series 2024A, to be issued pursuant to this resolution in the aggregate principal amount of not to exceed \$125,000,000.

“Bond Year” means each one-year period that ends on the date selected by the State. The first and last Bond Years may be short periods. If no date is selected by the Designated Representative before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

“Code” means the federal Internal Revenue Code of 1986 and the applicable regulations thereunder.

“Commission” means the United States Securities and Exchange Commission.

“Debt Manager” means the State Debt Manager.

“Debt Service Fund” means the Alaska debt retirement fund of the State.

“Designated Representative” means the Debt Manager, the Secretary of the Committee or their respective designees.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3 hereof.

“Escrow Agreement” means the Escrow Deposit Agreement, if any, in respect of the 2010A Bonds, to be dated as of the date of closing and delivery of the Bonds.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., if any.

“Governmental Person” means a state or local governmental unit or any instrumentality thereof. It does not include the United States or any agency or instrumentality thereof.

“Letter of Representations” means a blanket issuer letter of representations from the State to DTC.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Net Proceeds,” when used with reference to the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

“Nongovernmental Person” means any Person other than a Governmental Person.

“Prior Bonds” means the 2010A Bonds.

“Person” means an individual, a trust, estate, partnership, association, company, corporation or governmental unit.

“Private Business Use” means the use of property in a trade or business by a Nongovernmental Person if such use is other than as a member of the general public. Private Business Use will arise from ownership of the property by a Nongovernmental Person. Private Business Use may also arise from other arrangements that transfer to the Nongovernmental Person the actual or beneficial use of the property (such as certain leases and management contracts). Use of property as a member of the general public includes attendance by the Nongovernmental Person at municipal meetings. Use of property by nonprofit community groups or community recreational groups is not treated as Private Business Use if the property is made available for such use by all such community groups on an equal basis and the term of such use does not exceed 50 days.

“Purchase Contract” means the bond purchase agreement between the State and the Underwriter provided for in Section 10 of this resolution.

“Refunded Bonds” means the 2010A Bonds that are designated by the Designated Representative pursuant to Sections 10 and 11 of this resolution.

“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” means the State of Alaska.

“State Bond Committee” means the duly constituted State Bond Committee established pursuant to AS 37.15.110.

“Term Bonds” means the portion of the Bonds, if any, designated as “Term Bonds” in the Purchase Contract for the Bonds.

“Underwriter” means Goldman Sachs & Co. LLC.

Interpretation of Terms. In this resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this resolution, refer to this resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and Sections of this resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this resolution, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds. The State hereby authorizes the issuance and sale of not to exceed \$125,000,000 aggregate principal amount of general obligation refunding bonds authorized as provided herein for refunding the Refunded Bonds (the “Bonds”). The Committee hereby finds that the sale of the Bonds in the manner and on the terms set forth in this resolution is for the best interests of the State and its inhabitants. The Bonds shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity and interest rate; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; and shall bear interest payable semiannually on the first day of each February and August, commencing August 1, 2024 (or on such other semiannual payment dates as may be approved by the Designated Representative) at rates set forth in the Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Purchase Contract and as approved by the Designated Representative in accordance with Section 10. The Bonds of any of the maturities may be combined and issued as Term Bonds, subject to mandatory redemption as provided in the Purchase Contract for the Bonds.

Section 3. Registration.

(a) *Bond Registrar; Bond Register.* The State Bond Committee hereby selects U.S. Bank Trust Company, National Association, as the Bond Registrar, for the safeguarding and

disbursement of the money for the payment of debt service on the Bonds and for the duties herein set forth with respect to the authentication, delivery and registration of the Bonds. The Bonds shall be issued only in registered form as to both principal and interest. The Bond Registrar may resign at any time upon 30 days' prior written notice to the State Bond Committee and may be removed at any time at the option of the State Bond Committee upon prior notice to the Bond Registrar and appointment of a successor Bond Registrar. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. If a successor Bond Registrar has not been appointed within 30 days after the giving of such notice of resignation or removal, the retiring Bond Registrar may petition a court of competent jurisdiction for the appointment of a successor.

The Bond Registrar shall keep, or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the State (the "Bond Register"). The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this resolution and to carry out all of the Bond Registrar's powers and duties under this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The State and the Bond Registrar shall deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 12 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(h) hereof, but such Bond may be transferred as hereinafter provided. All such payments made as described in Section 3(h) shall be valid and shall satisfy and discharge the liability of the State upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC a Letter of Representations.

Neither the State nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor

depository) or any DTC participant; the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds; any notice that is permitted or required to be given to Registered Owners under this resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC or to any successor depository); or any consent given or other action taken by DTC (or by any successor depository) as the Registered Owner. Except as provided in Section 12 in connection with the Rule, for so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of “CEDE & Co.”, as nominee of DTC, with one Bond of each interest rate, maturing on each of the maturity dates for the Bonds, and in a denomination corresponding to the total principal amount bearing interest at the same rate and designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the State Bond Committee or the Designated Representative pursuant to subsection (2) below or to such substitute depository’s successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the State Bond Committee or the Designated Representative to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the State Bond Committee or the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the State Bond Committee or the Designated Representative, issue a single new Bond for each maturity and interest rate then outstanding, registered in the name of such

successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the State Bond Committee or the Designated Representative.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the State Bond Committee or the Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The State Bond Committee or the Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds, together with a written request on behalf of the State Bond Committee or the Designated Representative to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer or exchange of any such Bond shall be valid unless such Bond is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent or attorney in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding the date any such Bond is to be redeemed.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar,

and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Registration Covenant.* The State covenants that, until all Bonds have been surrendered and cancelled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as the Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations to the Registered Owners appearing on the Bond Registrar on the 15th day of the month preceding such interest payment date.

In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

If any Bond shall be duly presented for payment and funds have not been duly provided by the State on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until such Bond is paid.

Section 4. Redemption and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds may be subject to optional redemption as set forth in the Purchase Contract and the manner of selection of Bonds for redemption shall be as set forth in the Purchase Contract.

(b) *Mandatory Redemption.* The Bonds shall be subject to mandatory redemption, if any, set forth in the Purchase Contract and as approved by the Designated Representative pursuant to Section 10 of this resolution.

(c) *Purchase of Bonds.* The State reserves the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the Designated Representative and in the case of Term Bonds purchased for cancellation, to credit the principal amount of Term Bonds so purchased against an equal amount of mandatory sinking fund installments in the year or years selected by the Designated Representative.

(d) *Notice of Redemption.*

(1) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any redemption, which notice in the case of optional redemption may be a conditional notice, shall be given by the Bond Registrar on behalf of the State by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(A) the date fixed for redemption;

(B) the redemption price;

(C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity and interest rate (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

(D) that on the date fixed for redemption (unless the notice of optional redemption is a conditional notice, in which case the notice shall state that interest shall cease to accrue from the date fixed for redemption if and to the extent that funds have been provided to the Bond Registrar for the redemption of Bonds), the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

(2) Effect of Notice; Bonds Due. Unless the State has revoked a notice of optional redemption (or unless the State provided a conditional notice of optional redemption and the conditions for redemption set forth therein are not satisfied), then on or prior to any redemption date, the State shall deposit with the Bond Registrar an amount of money sufficient to pay the

redemption price of all the Bonds or portions of Bonds to be redeemed on that date; and official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the date fixed for redemption (unless in the case of a conditional notice of optional redemption, the condition is not satisfied or funds sufficient to pay the redemption price are not on deposit with the Bond Registrar), become due and payable at the redemption price therein specified, and from and after such date (unless the State shall not have paid the redemption price), such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice (except as described above in the case of a notice of optional redemption), such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the date fixed for redemption shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity and interest rate in the amount of the unpaid principal. All Bonds that have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice of redemption, further notice shall be given by the State as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed.

(4) CUSIP Numbers. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, interest rate and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(5) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in

order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BOND, SERIES 2024A

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The STATE OF ALASKA (the “State”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2024, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first day of each February and August, commencing on August 1, 2024. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the State to DTC. U.S. Bank Trust Company, National Association has been appointed to act as registrar, paying agent and authenticating agent for the Bonds(the “Bond Registrar”).

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$ _____ (the “Bonds”), and is issued pursuant to Resolution No. 2024-01 (the “Bond Resolution”) adopted by the State Bond Committee on March 26, 2024 to provide funds for refunding certain outstanding bonds of the State. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Resolution.

The bonds of this issue are subject to optional [and mandatory] redemption prior to their scheduled maturities as provided in the Purchase Contract.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Alaska and resolutions duly adopted by the State Bond Committee, including the Bond Resolution.

The bonds of this issue are not “private activity bonds” as such term is defined in the Internal Revenue Code of 1986, as amended (the “Code”). The bonds of this issue are not

“qualified tax-exempt obligations” under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The bonds of this issue are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal and interest on the bonds of this issue.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist and to have happened and been done and performed precedent to and in the issuance of this bond do exist and have happened and been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the State may incur.

IN WITNESS WHEREOF, the State of Alaska has caused this bond to be executed by the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the seal of the State to be impressed, imprinted or otherwise reproduced hereon, as of this ____ day of _____, 2024.

STATE OF ALASKA

By /s/ facsimile
Governor of the State of Alaska

ATTEST:

 /s/ facsimile
Lieutenant Governor of the
State of Alaska

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is one of the bonds described in the within-mentioned Bond Resolution and is one of the State of Alaska, General Obligation Refunding Bonds, Series 2024A, of the State, dated _____, 2024.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Authorized Signer

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the State with the manual or facsimile signatures of the Governor and Lieutenant Governor of the State of Alaska, and the corporate seal of the State shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this resolution.

In case either of the officers who have executed the Bonds shall cease to be officer or officers of the State before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the State, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the State as though those who signed the same had continued to be such officers of the State. Any Bond may also be signed and attested on behalf of the State by such persons who are at the actual date of delivery of such Bond the proper officers of the State although at the original date of such Bond any such person shall not have been such officer of the State.

Section 7. Pledge. The Bonds are general obligations of the State. The full faith, credit and resources of the State are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds.

Before December 1 of each year after the Bonds are issued, this Committee shall certify to the Commissioner of Administration of the State the amount needed for the following calendar year to meet principal, interest and reserve requirements on all general obligation bonds of the State then outstanding, including the Bonds. The Commissioner of Administration shall set aside these amounts or make the necessary provisions for the setting aside of these amounts so that there will be sufficient money to pay the principal and interest on the due dates.

Pursuant to AS 37.15.012, the amounts required annually to pay the principal, interest, and redemption premium on the Bonds are appropriated each fiscal year from the Debt Service Fund to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds. If the balance in the Debt Service Fund is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the general fund of the State to the State Bond Committee to make all required payments of principal of and interest and redemption premium, if any, on the Bonds.

Section 8. Defeasance. In the event that money and/or government obligations, which are noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, as evidenced by a report of an independent accountant or verification agent (which report shall be required only if the defeasance is not a full cash defeasance (i.e., such report shall only be required if government obligations constitute all or part of the deposit from which payments to effect the defeasance will be made)), are set aside in a special account of the State to effect such redemption and retirement, and such moneys and the principal of and interest on such government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund of the State for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder.

The Bond Registrar shall provide notice of defeasance of Bonds to registered owners and to each party entitled to receive notice pursuant to Section 12.

Section 9. Tax Covenants. The following covenants are made in order to issue the Bonds as obligations the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The State shall at all times do and perform all acts and things permitted by law and this resolution which are necessary or desirable to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the State agrees to comply with the provisions of any tax certificate (the “Tax Certificate”) entered into at the time the Bonds are issued, covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the State that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code that will cause the Bonds to be “arbitrage bonds” within the meaning of said section, and covenants that for so long as the Bonds are outstanding, it will not permit any uses of the assets financed by the Bonds that would result in the Bonds being private activity bonds within the meaning of Section 141(a) of the Code. These covenants shall survive defeasance or refunding of the Bonds to the extent necessary to maintain the tax-exempt status of the Bonds. Notwithstanding any provisions of this Section, if the State shall receive an opinion of nationally recognized bond counsel that any specific action required under this Section or under the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, the State may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 10. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to the terms of the Purchase Contract. The Designated Representative is authorized to designate the Refunded Bonds by selection from the Prior Bonds as described in Section 11(b) of this resolution and negotiate terms for the purchase of the Bonds and execute the Purchase Contract, with such terms as are approved by the Designated Representative pursuant to this section and consistent with this resolution. The State Bond Committee has determined that it would be in the best interest of the State to delegate to the Designated Representative for a limited time the authority to designate the Refunded Bonds and determine the final interest rates, maturity

dates, aggregate principal amount, terms of redemption and redemption rights and principal amounts of the Bonds of each maturity. The Designated Representative is hereby authorized to designate the Refunded Bonds, approve the final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed \$125,000,000; (ii) the final maturity of the Bonds shall not be later than the final maturity of the Refunded Bonds; and (iii) the net present value aggregate savings with respect to Refunded Bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance of the Bonds, is at least equal to 2.0% of the Refunded Bonds, taking into account the then applicable yearly sequestration rate reduction to the annual refund payments from the federal government related to the Refunded Bonds when calculating the net present value of the Refunded Bonds.

In designating the Refunded Bonds and determining final interest rates, maturity dates, aggregate principal amount, principal maturities, terms of redemption and redemption rights, the Designated Representative, in consultation with State staff and the State's municipal advisor, shall take into account those factors that, in his judgment, will generate the most advantageous results for the State, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this Section 10, the Designated Representative is hereby authorized to execute the final form of the Purchase Contract, upon the Designated Representative's approval of the final interest rates, maturity dates; aggregate principal amount, principal maturities, terms of redemption and redemption rights, set forth therein. Following the execution of the Purchase Contract, the Designated Representative shall provide a report to the State Bond Committee, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 10 shall expire 120 days after the date of approval of this resolution. If a Purchase Contract for the Bonds has not been executed within 120 days after the date of final approval of this resolution, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless the Bonds shall have been re-authorized by resolution of the State Bond Committee. The resolution re-authorizing the issuance and sale of such Bonds may be in the form of a new resolution repealing this resolution in whole or in part (only with respect to the Bonds

not issued) or may be in the form of an amendatory resolution approving a purchase contract or establishing terms and conditions for the authority delegated under this Section 10.

Upon the adoption of this resolution, the proper officials of the State including the Designated Representative, are authorized and directed to undertake all other actions necessary for the prompt sale, execution and delivery of the Bonds and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Purchase Contract.

The Designated Representative is authorized to approve and “deem final” for purposes of the Rule a preliminary official statement and any amendments thereto prior to the date of the official statement and is authorized to ratify and to approve for purposes of the Rule, and to execute on behalf of the State, the official statement relating to the issuance and sale of the Bonds and to ratify and approve the distribution of such preliminary official statement and official statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

Section 11. Application of Bond Proceeds; Designation of the Refunded Bonds. The money derived from the sale of the Bonds shall be allocated and expended as described in the following provisions.

(a) A portion of the Bond proceeds shall be used for the payment of the costs of issuance of the Bonds.

(b) *Designation of Refunded Bonds.* As outlined in the recitals to this resolution, certain principal maturities of the Prior Bonds may be called for redemption prior to their scheduled maturities. All or some of the Prior Bonds may be defeased, refunded and refinanced with the proceeds of the Bonds authorized by this resolution. As provided in Section 10, the Designated Representative may select some or all of the Prior Bonds and designate those Prior Bonds as the “Refunded Bonds” in the Purchase Contract if and to the extent that the net present value aggregate savings with respect to Refunded Bonds to be realized as a result of the refunding of the Refunded Bonds, after payment of all costs of issuance of the allocable Bonds, is at least equal to 2.0% of the Refunded Bonds as provided in Section 10 hereof.

(c) *Refunding.* A portion of the proceeds of the sale of the Bonds in the dollar amount specified by the Designated Representative (and, if applicable, certified by the State to the Escrow Agent) shall be applied for the purpose of redeeming the Refunded Bonds pursuant to the extraordinary optional redemption provisions thereof or to be delivered to the Escrow Agent for

the purpose of defeasing the Refunded Bonds to the date of the extraordinary optional redemption, as determined by the Designated Representative.

If the Designated Representative determines to defease the Refunded Bonds, money received by the Escrow Agent from Bond proceeds and other money provided by the State, shall be used immediately by the Escrow Agent upon receipt thereof in accordance with the terms of the Escrow Agreement to defease the Refunded Bonds as authorized by Resolution No. 2010-07. The State shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent to purchase certain government obligations, which may be United States Treasury Obligations, United States Treasury Obligations - State and Local Government Series, or other nonprepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or REFCORP debt obligations unconditionally guaranteed by the United States, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of each of the 2010A Bonds that have been designated as “Refunded Bonds”:

(1) interest on the Refunded Bonds coming due on each date on which interest is due and payable, to and including the redemption date thereof as designated by the Designated Representative;

(2) principal, if any, of the Refunded Bonds coming due on each date on which principal is due and payable, to and including the redemption date thereof as designated by the Designated Representative; and

(3) the 2010A EOR Make-Whole Redemption Price applicable to the Refunded Bonds called for extraordinary optional redemption on the redemption date thereof as designated by the Designated Representative.

Such obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

For this purposes of this Section 11(c):

“2010A EOR Make-Whole Redemption Price” means the greater of (i) 100% of the principal amount of the Refunded Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Refunded Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid to the

date fixed for redemption, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” (defined below) plus the “Treasury Spread” (defined below); plus, in each case, accrued and unpaid interest on such Refunded Bonds to be redeemed to the applicable redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Refunded Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) Scheduled Interest Rates (the “Statistical Release”) that has become publicly available at least two business days, but not more than forty-five (45) calendar days, prior to the date fixed for redemption (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data selected by the State) most nearly equal to the period from the redemption date to the maturity date of such Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used). In the event that it is not practicable to determine the Treasury Rate in accordance with the foregoing method, the term “Treasury Rate” shall mean, with respect to any redemption date for a particular Refunded Bond, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price.

“Treasury Spread” means 100 basis points.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Refunded Bond to be redeemed, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of such Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining weighted average life of such Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest

and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers appointed by the State.

“Reference Treasury Dealer” means each of the four firms, specified by the State from time to time, that are primary United States Government securities dealers in the City of New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the State will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker and communicated to the State, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker and communicated to the State by such Designated Investment Banker at least two business days prior to the mailing of the redemption notice.

(d) *Appointment of Escrow Agent.* The State Bond Committee hereby selects The Bank of New York Mellon Trust Company, N.A., to act as the escrow agent for the Refunded Bonds (the “Escrow Agent”) if the Designated Representative determines to defease the Refunded Bonds. The Bond proceeds designated in the foregoing subsection together with a cash contribution from the State shall be transferred irrevocably to the Escrow Agent in order to implement the refunding plan. The proceeds of the Bonds remaining after the acquisition of such obligations and provision for the necessary beginning cash balance in respect of the defeasance of the 2010A Bonds shall be utilized to pay expenses of the acquisition and safekeeping of such obligations and expenses of the issuance of the Bonds and/or returned to the State for the payment of such expenses.

(e) *Call For Redemption of the Refunded Bonds.* The State hereby authorizes the Designated Representative to irrevocably set aside sufficient funds, from the proceeds of the Bonds or out of the purchase of government obligations from proceeds of the Bonds, as applicable to make the payments described in subsection (c) above.

The State hereby authorizes the Designated Representative to call all the 2010A Bonds for extraordinary optional redemption, in accordance with the terms of Resolution No. 2010-07, authorizing the extraordinary optional redemption and retirement of the 2010A Bonds prior to their fixed maturities.

If the Designated Representative determines to defease the 2010A Bonds, the defeasance and call for extraordinary optional redemption of the Refunded Bonds shall be effective and irrevocable after the final establishment of the escrow account and delivery of the government obligations to the Escrow Agent.

The 2010A Registrar is hereby authorized and directed to provide for the giving of notice of the extraordinary optional redemption of the Refunded Bonds, substantially in the form set out hereto in Appendix A, in accordance with the applicable provisions of Resolution No. 2010-07. The Designated Representative of the State is authorized and requested to provide whatever assistance is necessary to accomplish such defeasance and extraordinary optional redemption and the giving of notice therefor. The costs of publication of such notices shall be an expense of the State.

If the Designated Representative determines to defease the 2010A Bonds, the Escrow Agent is hereby authorized and directed to pay to the bond registrar for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this section of this resolution. All such sums shall be paid from the moneys and government obligations deposited with said Escrow Agent pursuant to this section of this resolution, and the income therefrom and proceeds thereof. All moneys and government obligations deposited with the Escrow Agent and any income therefrom shall be credited to a refunding account and held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this resolution and with the laws of the State of Alaska for the benefit of the State and owners of the Refunded Bonds.

The State will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

(f) *Escrow Agreement.* The Designated Representative is authorized and directed to approve the final form of, and execute and deliver to the Escrow Agent, an Escrow Deposit Agreement.

If the Designated Representative determines to defease the 2010A Bonds, the State hereby irrevocably sets aside for and pledges to the payment of the Refunded Bonds the moneys and obligations to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired,

the State may cause any remaining money to be transferred to the Debt Service Fund for the purposes set forth above:

Section 12. Undertaking to Provide Ongoing Disclosure. The State Bond Committee hereby authorizes the Designated Representative to enter into an agreement for ongoing disclosure, substantially in the form attached to the Preliminary Official Statement for the Bonds for the benefit of the Beneficial Owners of the Bonds and to assist the Underwriter in complying with Section (b)(5) of the Rule.

Section 13. Severability. If any one or more of the covenants or agreements provided in this resolution to be performed on the part of the State shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds.

Section 14. Effective Date. This resolution shall become effective immediately upon its adoption.

[Remainder of page intentionally left blank]

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the
26 day of March, 2024.

STATE OF ALASKA
STATE BOND COMMITTEE

Julie Sande
Commissioner, Department of Commerce
Community and Economic Development
Chair and Member
Alaska State Bond Committee

Paula Vrana
Commissioner, Department of
Administration Member
Alaska State Bond Committee

Adam Crum
Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

APPENDIX A
Conditional Notice of Extraordinary Optional Redemption¹

State of Alaska
General Obligation Bonds, Series 2010A
(Taxable Build America Bonds – Direct Payment)

NOTICE IS HEREBY GIVEN that the State of Alaska (the “State”) has conditionally called for extraordinary optional redemption on [REDEMPTION DATE] (the “Redemption Date”), the following outstanding General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment) (the “Refunded Bonds”).

The Refunded Bonds will be redeemed at a price equal to the Make-Whole Redemption Price (as defined in the Official Statement for the Refunded Bonds) applicable to the Refunded Bonds subject to extraordinary optional redemption, plus interest accrued to the Redemption Date. Such Make-Whole Redemption Price of the Refunded Bonds is due and payable on presentation and surrender of the Refunded Bonds at the office of:

The Bank of New York Mellon
Global Corporate Trust
Attn: Transfers/Redemption
2001 Bryan Street, 10th Floor
Dallas, Texas 75201

The redemption of the Refunded Bonds is subject to the condition that the Make-Whole Redemption Price will be due and payable on the Redemption Date only if moneys sufficient to accomplish such redemption in full are held by The Bank of New York Mellon Global Corporate Trust on the scheduled Redemption Date.

Interest on all Refunded Bonds shall cease to accrue on the Redemption Date.

The following Refunded Bonds are being redeemed:

Maturity Years (August 1)	Par Amounts Redeemed	Interest Rates	CUSIP ² Nos.
2026	\$ 4,090,000	5.242 %	011770T79
2027	4,235,000	5.342	011770T87
2028	4,390,000	5.442	011770T95
2029	19,825,000	5.542	011770U28
2030	20,560,000	5.642	011770U36
2033*	66,470,000	5.742	011770U44

* Term Bond

¹ This notice shall be given not more than 60 nor less than 20 days prior to the Redemption Date by first-class mail to each registered owner of the Refunded Bonds. In addition notice shall be mailed at least 20 days prior to the Redemption Date, to The Depository Trust Company of New York, New York; Moody’s Investors Service, Fitch Ratings, S&P Global Ratings and the MSRB.

² The CUSIP numbers listed in this notice are for convenience of references only, and neither the State of Alaska nor The Bank of New York Mellon Trust Company, N.A. shall be responsible for any error of any nature relating to the CUSIP numbers on the respective Refunded Bond or in this notice.

Withholding of a portion of gross redemption proceeds of any payment made within the United States may be required by federal law unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your Bond.

By Order of the State of Alaska

The Bank of New York Mellon Trust Company, N.A., as Paying Agent

Dated [____], 2024



STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2024A (REFUNDING OF 2010A G.O. BABs)

Financing Schedule as of March 20, 2024

March - 2024							April - 2024							May - 2024							June - 2024						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6				1	2	3	4							1
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
24	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
31																					30						

Standing Working Group Calls – Tuesdays (1pm AK / 2pm PT / 5pm ET)

Week of	General Obligation Refunding Bonds
March 11 th	Circulate internal draft of State Bond Committee (SBC) Resolution
March 18 th	“Kick-off” Call (3/19) - Circulate draft of SBC Resolution - Circulate initial draft of POS & Appendices
March 25 th	- SBC Meeting (3/26 – 2pm AK / 3pm PT / 6pm ET) - Circulate updated draft of POS & Appendices - Contact Rating Agencies (Moody’s/S&P/Kroll) of Pending Financing and Presentation Dates
April 1 st	- Circulate updated draft of POS & Appendices - Circulate draft of Rating Agency Presentation
April 8 th	Submit POS and Financing Documents to Rating Agencies
April 15 th	Rating Agency Presentations (M/SP/K) (Times/Dates – TBD)
April 22 nd	Circulate Draft BPA
April 29 th	- Circulate updated draft of POS & Appendices - Receive Ratings
May 6 th	- Due Diligence (5/6) - Post POS (5/7)
May 13 th	- Bond Pricing (5/15) - Execute BPA (5/15)
May 20 th	Print OS
May 27 th	- Preclosing - Closing / Redeem 2010A Bonds



STATE OF ALASKA
General Obligation Refunding Bonds, Series 2024A

Distribution List as of March 20, 2024

Page 1 of 2

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STATE OF ALASKA
General Obligation Refunding Bonds, Series 2024A

Distribution List as of March 20, 2024

Page 2 of 2

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U.S. BANK GLOBAL CORPORATE TRUST & ESCROW SERVICES

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In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."



\$115,915,000*
STATE OF ALASKA
General Obligation Refunding Bonds
Series 2024A

Dates, Interest Rates, Prices and Yields Are Shown on the Inside Cover Page

The State of Alaska (the "State") is issuing \$115,915,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2024A (the "Bonds").

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein.

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on August 1, 2024 and semiannually thereafter on February 1 and August 1 in each year until maturity. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will not be subject to redemption prior to maturity.

The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. The principal of and interest on the Bonds will be payable directly to DTC by U.S. Bank National Association, Seattle, Washington as authenticating agent, paying agent and registrar for the Bonds. Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants (defined in Appendix E) for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds are being issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act") and the Resolution (as defined herein) for the purpose of refunding all or a portion of the State's General Obligation Refunding Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment). See "THE BONDS – Application of Bond Proceeds."

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to receipt of an approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee. Certain legal matters will be passed upon for the Underwriters by their special counsel, Nixon Peabody LLP. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about May __, 2024*.

Goldman Sachs & Co. LLC

The date of this Official Statement is April __, 2024

* Preliminary, subject to change

\$115,915,000*
STATE OF ALASKA
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2024A

Dated: Date of Delivery

Due: August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIPS

Maturity August 1*	Principal Amount*	Interest Rate	Yield	Price	CUSIP†
2026	\$3,595,000				
2027	3,740,000				
2028	3,890,000				
2029	19,345,000				
2030	20,110,000				
2031	20,905,000				
2032	21,735,000				
2033	22,595,000				

* Preliminary, subject to change

† Copyright 2024, CUSIP Global Services. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS. This data is not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided in this Official Statement for convenience of reference only. CUSIP numbers are subject to change. Neither the State of Alaska nor the Underwriter nor their agents or advisors takes any responsibility for the accuracy of such CUSIP® numbers

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BOND REGISTRAR
U.S. Bank National Association
Seattle, Washington

¹ The reference to the State's website is not part of this Official Statement, and investors should not rely on information presented in the State's website in determining whether to purchase the Bonds. This inactive textual reference to the State's website is not a hyperlink and does not incorporate the State's website by reference.

The information contained in this Official Statement has been obtained from sources the State deems reliable. The information concerning DTC and its book-entry system has been obtained from DTC, and no representation is made by the State as to the completeness or accuracy of such information.

No dealer, broker, salesperson or other person has been authorized by the State or by the State Bond Committee (the "Committee") or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Underwriter, the State or by the Committee.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State or DTC since the date hereof. This Official Statement does not constitute a contract between the State and any one or more of the purchasers or registered owners of the Bonds.

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

The Underwriter have provided the following sentence for inclusion in this Official Statement. The Underwriter have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," "forecast," "assume," and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based upon underlying assumptions, many of which in turn are based upon further assumptions. No assurance can be given that the future results or plans discussed herein will be achieved and actual results may differ, perhaps materially, from the plans, budgets, assumptions, forecasts and projections described herein. Except for the historical information included in the continuing disclosure undertaking of the State, the State does not plan to issue any updates or revisions to those forward-looking statements. See APPENDIX D - "Proposed Form of Continuing Disclosure Undertaking."

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

Relating to

\$115,915,000*

**STATE OF ALASKA
General Obligation Refunding Bonds,
Series 2024A**

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the Appendices, is to provide certain information concerning the State of Alaska (the “State”) and the issuance of \$115,915,000* aggregate principal amount of the State of Alaska General Obligation Refunding Bonds, Series 2024A (the “Bonds”). The Bonds will be issued pursuant to Resolution No. 2024-01 (the “Resolution”), adopted by the State Bond Committee (the “Committee”) on January 26, 2023. See “THE BONDS” herein for a description of the Bonds and the security therefor.

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. See “THE BONDS – Security for the Bonds” herein.

The Bonds are being issued to refund all or a portion of the State’s outstanding General Obligation Refunding Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment) (the “Series 2010A Bonds”), as more fully described under the caption “THE BONDS – Application of Bond Proceeds” herein.

The proposed form of the opinion of Bond Counsel is included in Appendix C.

The proposed form of the Continuing Disclosure Undertaking is included in Appendix D.

The historical financial information included in this Official Statement is derived primarily from the State’s audited financial statements and from the State’s unaudited financial documents and records. All of the historical information about the State’s financial condition and about its economy and resources and all summaries of resolutions, statutes, agreements, reports and other documents are subject to and are qualified in their entirety by reference to such financial statements, records, resolutions, statutes, agreements, reports and other documents. A copy of the State’s audited financial statements for the fiscal year (“FY”) ended June 30, 2022 is included in this Official Statement as Appendix B.

In addition to historical information, this Official Statement includes information about the State’s long-term plans and proposed budgets and forecast information about the State’s resources, economy and revenues and expenditures. Forecast information is derived from a number of sources and is based upon a variety of assumptions, many of which themselves are based upon other forecasts and assumptions and most of which are not within the State’s control. Actual budgets, plans and results may differ materially from the plans, budgets and results described herein.

The outbreak of the 2019 novel coronavirus (“COVID-19”) is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be

* Preliminary, subject to change

predicted with certainty, COVID-19 and related social distancing measures implemented by local, state, federal or foreign governments in response to COVID-19 have had and may continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of potential further impact from the COVID-19 outbreak. On December 15, 2022, the Department of Revenue's Tax Division (the "Tax Division") issued its Revenue Sources Book Fall 2022 Revenue Forecast (the "Fall 2022 Revenue Forecast"), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Fall 2022 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 and certain other risks associated with an investment in the Bonds, see "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19" and "SPECIAL INVESTOR CONSIDERATIONS – Infectious Disease Outbreak."

THE BONDS

Authority for Issuance and Purpose of the Bonds

The Bonds are being issued pursuant to the Alaska Constitution, AS 37.15.010 through 37.15.220 (the "Bond Act") and the Resolution.

Security for the Bonds

When issued, the Bonds will be general obligations of the State, and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. Pursuant to the Bond Act, the amounts required annually to pay the principal of and interest and redemption premium on all issued and outstanding general obligation bonds of the State are appropriated to the Committee to make all required payments of principal, interest and redemption premium. AS 37.15.012 provides that, if such appropriation is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the General Fund to the Committee to make all required payments of principal, interest and redemption premium.

For the payment of principal of and interest on general obligation indebtedness, including the Bonds, the State has the power to levy taxes, including taxes on all taxable property and income in the State, without limitation as to rate or amount. For a description of the State's current taxes and other sources of revenues, see "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and "INFORMATION CONCERNING THE STATE OF ALASKA – Public Debt and Other Obligations of the State" herein.

General Description of the Bonds

The Bonds are issuable solely as fully registered Bonds without coupons (initially in the book-entry only system) in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of their date of original issuance and delivery and will bear interest at the rates and will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable

semiannually on February 1 and August 1 of each year, commencing on August 1, 2024, computed on the basis of a 360-day year (consisting of 12 months of 30 days each).

When issued, the Bonds will be registered in the name of Cede & Co. as the partnership nominee of the Depository Trust Company, New York, New York (“DTC”). So long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC), is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the U.S. Bank National Association, as bond registrar (the “Bond Registrar”) to DTC, which, in turn, is obligated to remit such principal and interest to the Direct Participants for subsequent disbursement to the Beneficial Owners (each as defined in Appendix E) of the Bonds. See “– Book-Entry-System” below and “INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY” in Appendix E.

In the event that DTC or its successor (or substitute securities depository or its successor) resigns and no substitute securities depository can be obtained, or in the event the State determines that it is in the best interests of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, new Bonds are required to be issued and registered.

Application of Bond Proceeds*

The Bonds are being issued to provide for, depending on market conditions at the time of sale of the Bonds, (i) the optional redemption on May __, 2024* of all or a portion of the outstanding principal amount of the Series 2010A Bonds (the “Refunded Bonds”). Details of the Refunded Bonds are set forth below.

Refunded Bonds **State of Alaska General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment)** **Dated: Ddecember 14, 2010**

Maturity (August 1)	Outstanding Principal Amount	Coupon	Redemption Date*	Price	CUSIP No.
2026	\$4,090,000	5.242%	May __, 2024	100%	011770T79
2027	4,235,000	5.342%	May __, 2024	100%	011770T87
2028	4,390,000	5.442%	May __, 2024	100%	011770T95
2029	19,825,000	5.542%	May __, 2024	100%	011770U28
2030	20,560,000	5.642%	May __, 2024	100%	011770U36
2033	66,470,000	5.742%	May __, 2024	100%	011770U44

Depending on market conditions on the date of sale of the Bonds, and the resulting savings, the State may refund all, a portion or none of the Refunded Bonds on the sale date. The State is not obligated to issue any of the Bonds or to refund any or all of the Refunded Bonds.

Sources and Uses of Funds

The State expects to apply the net proceeds of the Bonds as shown below.

* Preliminary, subject to change.

Sources of Funds:

Principal Amount of Bonds	\$ _____
Net Original Issue Premium/(Discount)	_____
Total	\$ _____

Uses of Funds:

Redemption of the Refunded Bonds	\$ _____
Costs of Issuance*	_____
Total	\$ _____

* Costs of issuance include legal fees, printing costs, underwriting discount, financial advisory fees, rating agency fees and similar costs.

Redemption of the Bonds

Optional Redemption. The Bonds are not subject to redemption prior to maturity.

Purchase of the Bonds

The State has reserved the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the State.

Defeasance

The Resolution provides that in the event that money and/or noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the State to effect such redemption and retirement and are pledged for such purpose, then no further payments need be made for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed to be no longer outstanding under the Resolution.

Book-Entry System

When issued, the Bonds will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as securities depository for the Bonds. Unless the State elects to substitute another depository or determines that Beneficial Owners of the Bonds obtain Bond certificates, individual purchases will be made only in book-entry form through DTC, and purchasers will not receive physical certificates representing their interests in the Bonds purchased. Except as provided in the Resolution so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to Owners, Registered Owners or holders mean Cede & Co. (or such other name) and not the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see "INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY" in Appendix E.

INFORMATION CONCERNING THE STATE OF ALASKA

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State's population grew each year and increased approximately 7.7 percent between fiscal year 2008 and fiscal year 2016; however, since 2016 the population has contracted by approximately 0.4 percent with a population estimate of 736,556 (2022 estimated), (Alaska Department of Labor and Workforce Development, Research & Analysis Section).

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State's revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and investment income on securities in funds owned by the State.

State Government

Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the "Statehood Act"). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

Alaska government has three branches: legislative, executive, and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the "Legislature"). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court, and the courts established by the Legislature. The jurisdiction of courts and judicial districts is prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides or funds a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

There are 19 organized boroughs in Alaska and 145 cities, 49 of which are located within an organized borough and 96 of which are located within the unorganized borough. Of these, 15 boroughs and 21 cities impose property taxes and 9 boroughs and 94 cities impose general sales taxes.

State Bond Committee

The Legislature, by AS 37.15.110, has created the Committee. The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development ("DCCED"), as chairperson, the Commissioner of the Department of Revenue, as secretary, and the Commissioner of the Department of Administration, or their designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

Infectious Disease Outbreak – COVID-19

The outbreak of COVID-19 has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally. In addition to actions

taken by State, local and federal governments, governments throughout the world have taken action to limit, and in some cases prohibit, non-essential travel to or from their territories in response to COVID-19, which may have an adverse effect on tourism and other economic activity in the State. While some governments have lifted such restrictions, certain restrictions have been reimposed from time to time. In November of 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled. On February 14, 2021, the State's declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

The United States government and the Federal Reserve Board have taken legislative and regulatory actions and have implemented measures to mitigate the broad disruptive effects of the COVID-19 outbreak. The CARES Act, passed by the 116th U.S. Congress in March 2020, established a \$150 billion Coronavirus Relief Fund to, among other things, provide financial assistance to states. The State has received its approximately \$1.25 billion allocation from the Coronavirus Relief Fund, which can be used to cover COVID-19 related expenses. The CARES Act limits the State's use of funds from the Coronavirus Relief Fund to COVID-19 expense reimbursement rather than to offset anticipated State tax revenue losses. A unique provision specific to just over \$1 billion of the federal relief funds allowed the State to appropriate a portion of the funding to replace revenue lost due to COVID-19. This provision functionally allowed these funds to be appropriated toward any public purpose, just like unrestricted General Fund revenue. In the fiscal year 2022 and fiscal year 2023 budgets, a total of approximately \$750 million was appropriated as unrestricted revenue replacement, and in some reports produced by the State's Office of Management and Budget ("OMB") and Legislative Finance Division, these funds are depicted as unrestricted revenue for illustrative purposes. However, in the Fall 2022 Revenue Forecast, all federal funds are shown as restricted revenue in all years.

The State, governmental agencies, and local governments within the State have received grants from the federal government including approximately \$87 million in pass-through funding to school districts, \$50 million in pass-through funding for fisheries relief, \$49 million for rural airports, and \$29 million related to Federal Transit Administration pass-through funding, among other grants.

In addition, the State received a 6.2 percent increase to its federal medical assistance percentage ("FMAP") related to Medicaid through the end of the calendar quarter in which the COVID-19 pandemic is determined to be over. The prior FMAP increase will currently be phased down over the course of calendar year 2023 if the State meets certain requirements for eligibility redeterminations. The current phase down approach retains the 6.2 percent increase in the first quarter, 5.0 percent increase in the second quarter, 2.5 percent increase in the third quarter, and 1.5 percent increase in the fourth quarter. The State is currently evaluating the phase down methodology and estimates an additional \$40 million to \$60 million in federal funding as a result of the remaining FMAP increase.

On March 11, 2021, President Biden signed the \$1.9 trillion stimulus package. The State is expected to receive funding through a number of channels from the package. The State is expected to receive \$1.17 billion and local governments in the State are expecting to receive approximately \$230 million. Tribes in Alaska are expected to receive approximately \$1 billion, among other funding, the allocation and expenditure of which may take place over the next three years.

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus and its variants and the emergence of new variants; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that governmental authorities may take in the future

to contain or mitigate the outbreak; (v) the development, efficacy, distribution and acceptance of medical therapeutics and vaccinations and the efficacy of therapeutics and vaccines to emerging and new variants; (vi) additional or changed travel restrictions; (vii) the impact of the outbreak on the State, local or global economy; (viii) whether and to what extent the Governor or local executives may order additional public health measures; (ix) restoration of public perception of the safety and necessity of travel for personal and business needs; and (x) the impact of the outbreak and actions taken in response to the outbreak on the State. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may be reimposed or continue, that the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and that the recovery may be prolonged. Additional pandemics, and other public health emergencies, may occur and may occur with greater frequency and intensity due to trends in globalization.

State Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of designated and unrestricted non-investment General Fund revenue in fiscal year 2022. Grants, contributions, and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.7 percent of the State's total nonfarm employment is derived from government (including federal, state, and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.7 percent, trade, transportation, and utilities, making up 20.0 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2022 Annual Average).

The Tax Division produces a semi-annual revenue sources book. The revenue sources book published each fall is the comprehensive annual forecast released in December, and the revenue forecast published in the spring is an annual, partial update of the revenue sources book published in the preceding fall. The most recent revenue forecast comes from the Fall 2022 Revenue Forecast. The Department of Revenue currently develops a monthly Outlook Update that is used internally to review near-term revenue projections. While this update does not incorporate the level of rigor and detail put into the official spring and fall revenue forecasts, it does give an indication of how revenues are anticipated to perform based on the most currently available information each month. The next forecast update, the Spring 2023 Revenue Sources Book and Forecast (the "Spring 2023 Revenue Forecast"), is anticipated to be released in March 2023.

The Fall 2022 Revenue Forecast reflects a decrease in expected unrestricted General Fund revenue compared to the Spring 2022 Revenue Sources Book and Forecast, released by the Tax Division on March 15, 2022. Decreases in petroleum-related revenue are largely a function of lower oil price forecasts related to global market supply/demand fluctuations. The Fall 2022 Revenue Forecast for federal revenue is based on federal receipts as of November 30, 2022 and includes COVID-19 relief funding.

The Infrastructure Investment and Jobs Act ("IIJA"), passed by Congress in November 2021, included \$550 billion in investments for transportation, water, power and energy, environmental remediation, public lands, broadband, and resilience. It is anticipated that the State, local governments, tribes and other organizations in the State could receive a total of nearly \$5 billion in funding over fiscal years 2023-2027 as a result of the legislation, some of which would represent overall increases to state revenue from federal funding. For the Fall 2022 Revenue Forecast, federal projections developed in

consultation with the OMB include anticipated program increases from IIJA based primarily on federal program estimates by the State. These include \$100 million for a new Broadband Equity, Access, and Deployment Program; \$40 million for the Village Safe Water Program; and \$7 million for the Alaska Energy Authority's State Energy Program, Energy Efficiency and Revolving Loan Fund, and Energy Auditor Training Grant Program.

As of November 30, 2022, Alaska has received \$624 million in grants and contracts from IIJA. Of this amount, State agencies have received \$372 million of which \$317 million, has been for transportation programs, including Highway Planning and Construction in the amount of \$308 million. The State also received funding for the State Energy Program, Pacific Coast Salmon Recovery, the National Dam Safety Program, Weatherization Assistance for Low-Income Persons, the Energy Community Revitalization Program, United States Geological Survey ("USGS") Research and Data Collection, Low-Income Home Energy Assistance and Cooperative Research and Training Programs. While the State has applied for considerably more in IIJA funding, award announcements for other funding opportunities are still pending.

Historically, petroleum-related revenue has been the largest source of unrestricted revenue for the General Fund. In fiscal year 2018 approximately 80 percent of total unrestricted General Fund revenue was generated from oil production. In 2018, the Legislature enacted Senate Bill 26 ("SB 26"), which directs the State to appropriate amounts from the earnings reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to approximately 38 percent in fiscal year 2019, 24 percent in fiscal year 2020, 25 percent in fiscal year 2021, and 50 percent in fiscal year 2022. In the Fall 2022 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 47 percent in fiscal year 2023 and 41 percent in fiscal year 2024.

In fiscal year 2019, pursuant to SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. SB 26 adjusted the transfers from the Permanent Fund Earnings Reserve to an amount determined by taking 5.25 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfers from the Permanent Fund Earnings Reserve was reduced to 5.00 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in "Government Funds – The Alaska Permanent Fund," this calculation does not include the principal attributable to the settlement of *State v. Amerada Hess*. The Alaska Permanent Fund Corporation ("APFC"), which manages the Permanent Fund, projects these annual transfers to the General Fund as unrestricted revenue in their monthly history and projections report, as reflected in Table 2. The Permanent Fund Earnings Reserve transferred approximately \$3.1 billion to General Fund revenue in fiscal year 2022 and is expected to transfer approximately \$3.4 billion and \$3.5 billion to General Revenue in fiscal years 2023 and 2024, respectively. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. The Permanent Fund Dividend amount, paid in calendar year 2021, was \$1,114 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2022, was \$3,284 per qualified resident, including amounts designated for energy relief to Alaskans.

The Alaska Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation-proofing. The principal portion of the Permanent Fund, which was approximately \$58.3 billion as of September 30, 2022, unaudited, may not be spent without amending the State Constitution. The earnings reserve, approximately \$13.5 billion as of November 30, 2022, unaudited (subsequent to June 30, 2022, this amount includes approximately \$3.5 billion committed to the State's General Fund pursuant to SB 26 for the succeeding fiscal year, and \$4.1 billion for current fiscal year inflation proofing), may be

appropriated by a majority vote of the Legislature. See “– Government Funds – *The Alaska Permanent Fund*” below.

In the Fall 2022 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$7,225.8 million in fiscal year 2023 and \$6,936.2 million in fiscal year 2024, compared to \$6,939.2 million in fiscal year 2022 and \$4,782.8 million in fiscal year 2021.

In the Fall 2022 Revenue Forecast, the State forecasts that Alaska North Slope (“ANS”) oil prices will average \$88.45 in fiscal year 2023 and \$81.00 in fiscal year 2024, compared to actual prices averaging \$91.41 in fiscal year 2022, \$54.14 in fiscal year 2021 and \$52.12 in fiscal year 2020. The State forecasts that ANS production will average approximately 491.7 thousand barrels of oil per day in fiscal year 2023 and 503.7 thousand barrels of oil per day in fiscal year 2024, compared to 476.5 thousand barrels of oil per day in fiscal year 2022, 486.1 thousand barrels of oil per day in fiscal year 2021 and 471.8 thousand barrels of oil per day in fiscal year 2020. In the Fall 2022 Revenue Forecast, the State forecasts ANS oil prices and production and general purpose unrestricted revenue through fiscal year 2033. See Table 4.

Oil and Gas Revenues. The State’s unrestricted General Fund revenues have historically been generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, oil and gas production taxes, bonuses and rents, oil and gas royalties, and corporate income taxes.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System, including the terminal at Valdez (“TAPS”) and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately \$28.2 billion as of January 1, 2021, \$29.0 billion as of January 1, 2020, \$28.5 billion as of January 1, 2019, and \$28.2 billion as of January 1, 2018.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (primarily TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

When the oil and gas property is located within the jurisdiction of a municipality, the municipality may also levy a tax on the property at the same rate the municipality taxes all other non-oil and gas property. The tax paid to a municipality on oil and gas property acts as a credit toward the payment to the State. Of the \$571.4 million of gross tax levied in fiscal year 2022 on oil and gas property in the State, the State’s share was \$123.0 million; \$122.4 million of gross tax was actually collected due to a combination of credits and late payments. In the Fall 2022 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$116.3 million in fiscal year 2023 and \$114.0 million in fiscal year 2024.

Revenue from oil and gas property taxes is deposited in the General Fund; however, the State Constitution requires that settlement payments received by the State after a property tax assessment dispute be deposited in the Constitutional Budget Reserve Fund (the “CBRF”). In fiscal years 2021 and 2022, \$22.5 million and \$21.1 million, respectively, in total settlements were deposited into the CBRF, and in the

Fall 2022 Revenue Forecast, the State forecasts settlements to be \$145.0 million in fiscal year 2023 and \$20.0 million in fiscal year 2024. See “– Government Funds – *The Constitutional Budget Reserve Fund*” below.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on sales of all onshore oil and gas production, except for federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax can be a significant source of revenue and in many past years has been the State’s single largest source of revenue. The production tax is levied differently based upon the type of production (oil versus gas) and the geographical location (North Slope versus Cook Inlet, the State’s two producing petroleum basins).

For North Slope oil and export gas, the tax uses the concept of “Production Tax Value” (“PTV”), which is the gross value at the point of production minus lease expenditures. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to a depreciation schedule. The production tax rate is 35 percent of PTV with an alternative minimum tax of 0 percent to 4 percent of gross value, with the 4 percent minimum tax applying when average ANS oil prices for the year exceed \$25 per barrel.

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from \$8 per barrel to \$0 per barrel as wellhead value increases from \$80 per barrel to \$150 per barrel. A company that chooses to take this credit may not use any other credits to reduce tax paid to below the gross minimum tax. An additional incentive applies for qualifying new production areas on the North Slope. The so-called “Gross Value Reduction” (“GVR”) allows a company to exclude 20 percent or 30 percent of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools. Oil that qualifies for this GVR receives a flat \$5 per-taxable-barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this \$5 per-taxable-barrel credit can be applied to reduce tax liability below the minimum tax. The GVR is available only for the first seven years of production and ends early if ANS prices exceed \$70 per barrel for any three years.

Effective January 1, 2022, for North Slope export gas, the tax rate is 13 percent of gross value at the point of production. Currently, only a very small amount of gas is technically export gas, which is sold for field operations in federal offshore leases. However, this tax rate would apply to any major gas export project developed in the future.

For the North Slope, a Net Operating Loss (“NOL”) credit in the amount of 35 percent of losses was available until December 31, 2017. It allowed a credit to be carried forward to offset a future tax liability or, in some cases, to be transferred or repurchased by the State. Effective January 1, 2018, the NOL credit was replaced with a new carried-forward annual loss provision. In lieu of credits, a company may carry forward 100 percent of lease expenditures not applied against the tax and may apply all or part of lease expenditures in a future year. A carried-forward annual loss may not reduce tax below the minimum tax and may only be used after the start of regular production from the area in which the expenditures were incurred. An unused carried-forward annual loss declines in value by one-tenth each year beginning in the eighth or eleventh year after it is earned, depending on whether the carried-forward annual loss was earned from a producing or non-producing area.

Cook Inlet oil production is officially subject to the same tax rate of 35 percent of PTV. However, the tax is limited by statute to a maximum of \$1 per barrel.

For Cook Inlet gas production, the tax rate is 35 percent of PTV, and the tax is limited to a maximum value averaging 17.7 cents per thousand cubic feet. This rate also applies to North Slope gas used for qualifying in-State uses, commonly referred to as “non-export gas.”

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to “true up” any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. In fiscal year 2016, the State credited for potential purchase \$498 million from companies claiming such credits. For fiscal year 2017, the State appropriated the minimum provided for in the statutorily based formula of \$30 million for payments of such credits. In fiscal year 2018, the State purchased \$78 million in tax credits through the Oil and Gas Tax Credit Fund and purchased an additional \$100 million in fiscal year 2019. No funds were appropriated for the purchase of tax credit certificates for fiscal year 2020 or fiscal year 2021, and \$54 million of general funds were appropriated in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, \$60 million of general funds were appropriated to the Oil and Gas Tax Credit Fund. Additionally, an amount equal to 10 percent of all revenues from taxes levied by AS 43.55.011 that is not required to be deposited in the budget reserve fund, not to exceed \$330 million, is appropriated from the General Fund to the Oil and Gas Tax Credit Fund. As of the date of the Fall 2022 Revenue Forecast, an estimated \$384 million in tax credits are projected to be available for State repurchase, with the majority of those being credits earned in prior years. Payments of these credits are subject to future fiscal year appropriation.

In 2017, House Bill 111 (“HB 111”) was enacted, making multiple changes to the State’s oil and gas production tax and tax credit statutes. Following passage of HB 111, new credits will no longer be eligible for cash repurchase. Instead, companies will retain their credits until such time as they owe a tax liability to the State, at which time the credits could be used to offset the company’s oil and gas production taxes.

In 2018, House Bill 331 (“HB 331”) was enacted, creating a tax credit bonding program that would allow the State to purchase outstanding oil and gas tax credits at a discount to face value, and spread the funding out over several years through the issuance of subject to appropriation bonds. The fiscal year 2020 operating budget appropriated \$700 million of bond proceeds to the Oil and Gas Tax Credit Fund for expenditure in fiscal year 2020 or 2021. A legal challenge delayed the tax credit bonding program, and in September 2020, the Alaska Supreme Court (the “Supreme Court”) held that the tax credit bonding program under HB 331 was unconstitutional, prohibiting the Alaska Tax Credit Certificate Bond Corporation (“ATCCBC”) from issuing bonds to finance the purchase of approximately \$700 million in outstanding tax credit certificates.

All unrestricted revenue generated by the oil and gas production taxes (approximately \$750 million in fiscal year 2018, \$596 million in fiscal year 2019, \$285 million in fiscal year 2020, \$389 million in fiscal year 2021, \$1,802 million in fiscal year 2022, and forecasted in the Fall 2022 Revenue Forecast to be \$1,610 million in fiscal year 2023 and \$1,229 million in fiscal year 2024) is deposited in the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the CBRF. See Table 1.

Oil and Gas Royalties, Rents and Bonuses. In Alaska, the State retains ownership of all subsurface minerals on lands in the State, with the exception of some federal and Alaska Native Corporation lands. As the land owner, through the Alaska Department of Natural Resources (“DNR”), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land historically has been leased largely based on a competitive bonus bid system. Under this system, the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent

on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67 percent and some also include a net profit-share or sliding scale component. Under all lease contracts the State has ever written, the State reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the contract prices received by the producers, net of transportation charges). When the State elects to take its royalty share in-kind, the State becomes responsible for selling and transporting that royalty share, which means establishing complex contracts to accomplish these tasks. The State regularly negotiates these contracts and has historically sold roughly 95 percent of North Slope oil royalties in this way. State royalty revenue from production on State land that is not obligated to the Permanent Fund or Public School Trust Fund is unrestricted revenue that is available for general appropriations.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the National Petroleum Reserve Alaska (the “NPR-A”). The State is required to deposit its entire share of lease bonuses, rents, and royalties from oil activity in the NPR-A in the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations. The State also receives a portion of revenues from federal royalties and bonuses on all other federal lands located within State borders and from certain federal waters.

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Table 1 summarizes the sources and initial applications of oil and other petroleum-related revenue for fiscal years 2013 through 2022.

Table 1
Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2013 – 2022

	(\$ millions)									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Oil Revenue to the General Fund										
Property Tax	\$ 99.3	\$ 128.1	\$ 125.2	\$ 111.7	\$ 120.4	\$ 121.6	\$ 119.5	\$ 122.9	\$ 119.2	\$ 122.4
Corporate Income Tax ⁽¹⁾ .	434.6	307.6	94.8	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)	297.5
Production Tax..	4,050.3	2,614.7	389.7	186.0	134.4	749.9	595.5	285.1	389.0	1,801.6
Royalties (including bonuses, rents and interest) ⁽²⁾⁽³⁾	1,767.8	1,712.4	1,078.2	870.6	681.5	1,002.3	1,111.1	675.3	728.8	1,259.3
Subtotal	\$6,352.0	\$4,762.8	\$1,687.9	\$1,109.5	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,480.8
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund ⁽²⁾⁽³⁾	\$ 855.9	\$ 786.2	\$ 518.3	\$ 396.9	\$ 340.0	\$ 363.1	\$ 382.3	\$ 323.9	\$ 337.7	\$ 458.1
Tax settlements to CBRF	357.4	177.4	149.9	119.1	481.9	121.3	181.2	281.2	22.5	21.1
NPR-A royalties, rents and bonuses ⁽⁴⁾	3.6	6.8	3.2	1.8	1.4	23.7	12.3	16.4	15.8	16.7
Subtotal	1,216.9	970.4	671.4	517.8	823.2	508.0	575.8	621.5	376.0	495.9
	\$7,568.9	\$5,733.2	\$2,359.3	\$1,627.3	\$1,700.1	\$2,448.2	\$2,619.6	\$1,704.6	\$1,593.6	\$3,976.7
Total Oil Revenue										

(1) Corporate income tax collections for fiscal years 2016-2017 and 2020-2021 were negative due to large refunds of prior-year estimated taxes and low estimated taxes for those fiscal years.

(2) Net of Permanent Fund, Public School Trust Fund and CBRF deposits. See APPENDIX B “State of Alaska “General Purpose Financial Statements” from the Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021–*Independent Auditor’s Report*.” The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal years 2018 and 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. See “-Government Funds – *The Alaska Permanent Fund*” below.

(3) Includes both Designated General Fund Royalties and Other Restricted Royalties.

(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

Source: 2013 through 2022 Revenue Sources Books and Forecast, Tax Division.

Corporate Income Tax. The State levies a corporate income tax on Alaska taxable net income of corporations doing business in Alaska (other than certain qualified small businesses and income received by certain corporations from the sale of salmon or salmon eggs). Corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income generally is calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending upon whether the corporation does business solely in Alaska, does business both inside and outside Alaska, or is part of a group of corporations that operate as a unit in the conduct of a

single business (a “unitary” or “combined” group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed as credits against State corporate income taxes. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive, and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited in the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited in the CBRF.

Non-Oil Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers, cigarette/tobacco/marijuana excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, mining license taxes, and miscellaneous revenues. See “– Government Budgets and Appropriations – *General Appropriations*” below. A number of these non-oil tax, license, and fee revenues (but not investment income and federal revenue) are shared with municipalities. In fiscal year 2022, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was \$448.1 million, and in the Fall 2022 Revenue Forecast, the State forecasts the value to be \$450.1 million in fiscal year 2023 and \$474.1 million in fiscal year 2024. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties. For additional information, see “– Government Budgets and Appropriations – *General Appropriations*” below.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, in connection with its military bases and as a result of procurement contracts, grants, and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately \$3.1 billion in fiscal year 2018, \$3.4 billion in fiscal year 2019, \$4.2 billion in fiscal year 2020, \$7.6 billion in fiscal year 2021, and \$6.9 billion in fiscal year 2022. In the Fall 2022 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$4.9 billion in fiscal year 2023 and \$5.1 billion in fiscal year 2024. The forecasts represent total budgeted spending authority for federal receipts, and actual federal receipts are subject to change. The federal funds are used primarily for road and airport improvements, aid to schools, and Medicaid payments, all of which are restricted by legislative appropriation to specific uses. Federal funds are most often transferred to the State on a reimbursement basis, and all transfers are subject to federal and State audit. Most federal funding requires State matching. The unrestricted General Fund State match for federal spending in fiscal year 2022 was estimated at approximately \$750 million for the operating budget and \$130 million for the capital budget.

Investment Revenues. The State earns unrestricted and restricted by custom investment earnings from a number of internal funds. Two primary sources of investment income for the State are the two constitutionally-mandated funds, the Permanent Fund and the CBRF. The Permanent Fund had a fund balance (principal and earnings reserve) of approximately \$75.3 billion as of November 30, 2022, unaudited, which includes approximately \$3.5 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year and \$4.1 billion for current year inflation proofing. The Permanent Fund had a total fund balance of \$76.3 billion as of June 30, 2022, \$81.9 billion as of June 30, 2021, \$65.3 billion as of June 30, 2020, \$66.3 billion as of June 30, 2019, and \$64.9 billion as of June 30, 2018. The CBRF had an asset balance of approximately \$0.9 billion as of June 30, 2022. The CBRF had an asset balance of approximately \$1.1 billion as of June 30, 2021, \$2.0 billion as of June 30, 2020, \$1.8 billion as of June 30, 2019, and \$2.4 billion as of June 30, 2018. Restricted investment revenue from the CBRF was

approximately \$1.2 million in fiscal year 2022. CBRF earnings for fiscal year 2022 were adjusted by approximately \$52.0 million for investment losses that were realized in the Higher Education Investment Fund and allocated to the CBRF for a total net loss of \$50.8 million. In the Fall 2022 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$22.6 million in fiscal year 2023 and \$24.9 million in fiscal year 2024. The next comprehensive forecast, the Spring 2023 Revenue Forecast, is anticipated to be released in March 2023. The Permanent Fund Earnings Reserve balance is available for appropriation with a majority vote of the Legislature, while appropriation of the Permanent Fund's principal balance requires amendment of the State Constitution. The balance of the CBRF is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State has historically borrowed from the CBRF when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year.

As previously described, SB 26, relating to the earnings of the Permanent Fund, was enacted in 2018. The APFC projects these annual transfers of unrestricted General Fund revenue from the Permanent Fund Earnings Reserve to the General Fund in their monthly history and projections report, as reflected in Table 2.

Table 2
State of Alaska
Transfers from the Permanent Fund Earnings Reserve
to the General Fund for the Fiscal Years Ending June 30, 2019 - 2022
APFC Forecast for Fiscal Years Ending June 30, 2023 – 2034

(\$ millions)

Fiscal Year	Transfer Amount
2019	\$2,723
2020	2,933
2021	3,091
2022	3,069
Projected ⁽¹⁾	
2023	3,361
2024	3,526
2025	3,663
2026	3,808
2027	3,985
2028	4,018
2029	4,128
2030	4,240
2031	4,354
2032	4,469
2033	4,588
2034	4,712

(1) APFC transfer projections as of the unaudited November 30, 2022, report, and subject to change.

Source: APFC Fund Financial History & Projections as of November 30, 2022.

General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. All CBRF values stated above are asset values. See “– Government Funds – *The Constitutional Budget Reserve Fund*” and “– *The Alaska Permanent Fund*” below.

In the past, the State has also received earnings on the Statutory Budget Reserve Fund (the “SBRF”). Earnings on the SBRF are considered General Fund unrestricted revenue unless otherwise appropriated back to the SBRF. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. The available fund balance of the SBRF diminished to zero during fiscal year 2016. The SBRF unassigned fund balance for fiscal year 2021, reported in the State’s Annual Comprehensive Financial Report (“ACFR”), was \$480.8 million as of June 30, 2021. The OMB Fiscal Summary as of December 15, 2022, projects a SBRF balance of approximately \$370.3 million as of June 30, 2022, and \$20 million as of June 30, 2023. See “– Government Funds – *The Statutory Budget Reserve Fund*” below.

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other unrestricted funds (an investment loss of \$5.8 million in fiscal year 2022, \$29.4 million in fiscal year 2021, \$58.1 million in fiscal year 2020, \$93.3 million in fiscal year 2019, \$16.3 million in fiscal year 2018, and \$17.3 million in fiscal year 2017). In the Fall 2022 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately \$3.2 million in fiscal year 2023 and \$13.4 million in fiscal year 2024. See “– Government Funds” below.

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years 2016 through 2022, with a forecast for fiscal years 2023 and 2024 from the Fall 2022 Revenue Forecast.

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Table 3
Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2017 – 2022
Forecast for Fiscal Years Ending June 30, 2023 – 2024

(\$ millions)

	2017	2018	2019	2020	2021	2022	2023 ⁽²⁾	2024 ⁽²⁾
Revenue Source								
<u>Unrestricted</u>								
Oil Revenue	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,480.9	\$ 3,380.1	\$ 2,861.5
Non-Oil Revenue	460.3	457.0	490.1	454.8	444.3	448.1	450.1	474.1
Investment Earnings	17.3	16.3	2,815.9	2,991.2	3,120.9	3,010.2	3,395.6	3,600.6
Subtotal	\$ 1,354.6	\$ 2,413.5	\$ 5,349.8	\$ 4,529.1	\$ 4,782.8	\$ 6,939.2	\$ 7,225.8	\$ 6,936.2
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ 823.8	\$ 508.1	\$ 575.8	\$ 621.5	\$ 376.0	\$ 576.7	\$ 700.1	\$ 536.2
Non-Oil Revenue	656.3	697.4	631.2	558.6	590.9	655.0	730.2	749.7
Investment Earnings ⁽³⁾	6,832.2	5,616.4	1,188.0	(1,208.5)	16,460.9	(6,422.1)	1,752.0	1,870.0
Federal Revenue	3,198.2	3,124.6	3,434.5	4,173.0	7,555.0	6,911.8	4,954.7	5,183.1
Subtotal	11,510.5	9,446.5	5,829.6	4,144.6	24,982.8	1,721.4	8,137.0	8,339.0
Total	\$12,865.1	\$12,360.0	\$11,179.4	\$ 8,673.7	\$29,765.6	\$ 8,660.6	\$ 15,362.8	\$ 15,275.2

Totals may not foot due to rounding.

- (1) “Restricted Oil Revenue” includes oil revenue for the State’s share of rents, royalties, and bonuses from the NPR–A, shared by the federal government. Starting in fiscal year 2022, hazardous release surcharge and refined fuel surcharge are included in Restricted Oil Revenue. Prior to 2021, these surcharges were included in “Unrestricted Oil Revenue.”
- (2) Forecasts for fiscal years 2023 and 2024 include a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26. All values for fiscal year 2023 and 2024 are based on projections as of the release of the Fall 2022 Revenue Forecast and are subject to change.
- (3) A portion of the Restricted investment earnings starting in fiscal year 2019 consist of Permanent Fund unrealized gains and realized gains, less the transfer to the General Fund classified as unrestricted pursuant to SB 26.

Source: 2017 through 2022 Revenue Sources Books and Forecasts, Tax Division.

Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by federal law, the State Constitution and statutes, and by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature. The Legislature has a 90-day statutory time limit, and a constitutional time limit of 120 days with an allowance for up to an additional 10 days, to approve a budget. If the Legislature fails to approve a budget, or if other limited purpose legislation needs to be considered, the Governor or Legislature may call a special session to consider such matters. See “– General Appropriations” below.

Budgets. The State’s fiscal year begins on July 1 and ends on the following June 30, and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare: (1) a statutorily conforming budget for the succeeding fiscal

year, including capital, operating, and mental health budgets, setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices, and agencies of the State; (2) a general appropriation bill to authorize proposed expenditures; and (3) in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. In accordance with AS 37.07.020(b), the Governor is also required to prepare a six-year capital budget covering the succeeding six fiscal years and a 10-year fiscal plan. To assist the Governor in preparing budgets, proposed appropriation bills, and fiscal plans, the Tax Division prepares forecasts of annual revenues in December and March or April of each year. See “– State Revenues” above and “– *General Appropriations*,” Table 4, “– Government Funds,” and “– Revenue Forecasts” below.

The State Constitution prohibits the withdrawal from the treasury of nearly all funds, regardless of source, without an appropriation. As a consequence, the Governor’s proposed budget and the Legislature’s appropriation bills include federal and other funds as well as funds from the State and, by practice, funds that may be available for withdrawal without an appropriation. The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation.

General Appropriations. The Governor is required by State law to submit the three budgets—an operating budget, a mental health budget, and a capital budget—by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. These three budgets then go to the House Finance Committee and are voted upon by the House of Representatives. The three budgets then go to the Senate Finance Committee, are voted upon by the full Senate, and may go to a conference committee to work out differences between the House and Senate versions (and then be submitted to both houses for final votes). Bills passed by both houses are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a “line-item veto”) or may sign the bill or permit the bill to become law without a signature or veto. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each house of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each house in the case of other bills). Either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors, or for any other reason. An appropriation is an authorization to spend, not a requirement to spend. Enacted budget appropriations may be expended beginning July 1.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services, and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring and compensation freezes, lay-offs and furloughs, and restrictions on non-core operating expenses. Operating and capital expenditures have generally declined over the same time period through, among other actions, use of administrative restrictions on spending. See “– Public Debt and Other Obligations of the State” below.

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax, or imposing other broad-based statewide taxes, such as a sales tax. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

Governor Michael J. Dunleavy was reelected in November 2022, originally taking office in December 2018. In his fiscal year 2020 budget, the Governor declared that significant adjustments to the State budget were needed to allow for a Permanent Fund Dividend distribution to State residents based on a historical statutory formula. This proposal was not approved by the Legislature. In his fiscal year 2021

and 2022 budgets the Governor again requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. Again, the Legislature did not approve these proposals. The enacted fiscal year 2023 budget included an appropriation of approximately \$2.1 billion for Permanent Fund Dividend distributions to all eligible Alaskans, of which approximately \$420.1 million was designated as a special appropriation for energy relief. The fiscal year 2024 budget proposal includes approximately \$2.5 billion for Permanent Fund Dividend distributions to all eligible Alaskans based on the statutory formula.

The State's enacted budget for fiscal year 2023, including forecasted supplemental appropriations, increased spending from fiscal year 2022 from \$14.1 billion to \$15.6 billion. The fiscal year 2023 estimated expenditure value is inclusive of the permanent fund dividend distribution and K-12 forward funding of \$2.1 billion and \$48.4 million, respectively.

In May 2021, Governor Dunleavy revised his proposed constitutional amendment relating to the Alaska Permanent Fund, appropriations from the Permanent Fund, and the Permanent Fund Dividend. The revised amendment provides that 50 percent of the annual POMV transfer from the Permanent Fund Earnings Reserve Account would be dedicated to the Permanent Fund Dividend distribution. This proposal has received limited consideration by the Legislature to date and to be implemented, must receive a two-thirds vote of approval from both the House of Representatives and the Senate followed by approval in a statewide election.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding voter-approved general obligation bonds and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and, if necessary, to the General Fund from other funds, including the Permanent Fund, to the Committee to make all required payments of principal, interest, and redemption premium. For these full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, such as outstanding capital leases and lease-purchase financings authorized by law, and for State appropriations to replenish debt service reserves in the event of a deficiency. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund money available in other funds such as the CBRF, SBRF, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations, and the Permanent Fund Earnings Reserve.

Appropriation Limits. The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund Dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds, or appropriations of funds received in trust from a non-State source for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed \$2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2021, the OMB estimated the appropriation limit to be approximately \$10.3 billion. The fiscal year 2021 budget, not counting the excluded appropriations, was \$5.4 billion, or \$4.9 billion less than the constitutional limit.

As shown in Table 4, unrestricted General Fund revenue decreased to \$4.5 billion in fiscal year

2020 and increased to approximately \$4.8 billion in fiscal year 2021. In fiscal year 2019, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue, which significantly diminishes the percentage of unrestricted revenue that petroleum-related revenue represents. The enacted fiscal year 2023 budget included approximately \$3.4 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted was incorporated into the State's revenue projections in Table 4.

Table 4
State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2013 – 2022 and
Forecast for Fiscal Years Ending June 30, 2023 – 2033

Fiscal Year	Total Unrestricted General Fund Revenue (\$ millions)	ANS West Coast Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2013	6,929	107.57	531.6
2014	5,390	107.57	530.4
2015	2,256	72.58	501.0
2016	1,533	43.18	514.7
2017	1,355	49.43	526.4
2018	2,414	63.61	518.5
2019	5,350	69.46	496.9
2020	4,529	52.12	471.8
2021	4,783	54.14	486.1
2022	6,939	91.41	476.5
Projected ⁽¹⁾			
2023	7,226	88.45	491.7
2024	6,936	81.00	503.7
2025	6,787	77.00	503.3
2026	6,773	75.00	498.8
2027	6,769	73.00	513.6
2028	6,826	72.00	549.2
2029	6,810	70.00	536.1
2030	6,917	72.00	514.3
2031	7,121	74.00	513.2
2032	7,314	75.00	543.3
2033	7,706	77.00	577.5

(1) The values for fiscal years 2023 through 2033 use the projections included in the Fall 2022 Revenue Forecast, and are subject to change. Fiscal year 2023 includes approximately \$3.4 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. The forecast period includes a projection for the transfers from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26.

Source: 2013 through 2022 Revenue Sources Books and Forecast, Tax Division.

The State has historically provided fiscal stability by forward funding or endowing programs, including the methods used by the State to fund K-12 education. The State's constitutionally based obligation for K-12 education has been one of the largest single recurring budget line items in the State's budget. In the enacted fiscal year 2023 budget, \$1.2 billion is appropriated from the General Fund to the public education fund. If unrestricted State revenue available for appropriation in fiscal year 2023 is insufficient to cover the appropriations made from the General Fund for this amount, this appropriation will be reduced by the amount of the shortfall. Current Fall 2022 projections estimate a K-12 forward funding deposit of \$48.4 million (Source: OMB, FY2024 Fiscal Summary as of December 15, 2022). See “– Public Debt and Other Obligations of the State – *State-Supported Debt – State-Supported Municipal Debt Eligible for State Reimbursement*” below.

The Fall 2022 Revenue Forecast projects approximately \$7.2 billion in unrestricted General Fund revenue in fiscal year 2023 prior to any carryforwards and adjustments from fiscal year 2022, and the enacted fiscal year 2023 budget included approximately \$5.6 billion in unrestricted General Fund operating and capital budget appropriations prior to any carryforwards and adjustments from fiscal year 2022. The enacted fiscal year 2023 budget included approximately \$3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. In addition, the fiscal year 2023 expenditure value for the permanent fund dividend distribution and estimated K-12 forward funding is \$2.1 billion and \$48.4 million, respectively.

In fiscal year 2023, projections for unrestricted General Fund capital budget appropriations increased to approximately \$734.1 million after seven consecutive fiscal years that unrestricted General Fund capital budget appropriations had been under \$250 million, compared to \$608 million in fiscal year 2015. The State's fiscal year 2022 total capital budget appropriations, including designated general funds, other funds and federal funds was approximately \$2 billion (Source: OMB, FY2023 Fiscal Summary as of June 29, 2022).

Government Funds

Because the State is dependent upon taxes, royalties, fees, and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses “shall not be dedicated to any special purpose.” The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood, and when provided by the State Constitution, such as restricted for savings in the Permanent Fund or the CBRF.

Current State funding options available on a statutory basis include General Fund unrestricted revenue (which pursuant to SB 26 includes an annual transfer from the Permanent Fund Earnings Reserve), use of the earnings or the principal balance of the SBRF, borrowing restricted earnings revenue or principal balance from the CBRF, use of the statutorily restricted oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, following various protocols. The CBRF may be accessed with a majority vote of the Legislature following a year-over-year total decline in total revenue available for appropriation, or in any year by a three-quarters vote of both houses of the Legislature. A majority vote of the Legislature is needed to appropriate from the SBRF and from the Permanent Fund Earnings Reserve.

The General Fund. Unrestricted State revenue is annually deposited in the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than approximately 55 subfunds and “cash pools” within

the General Fund to account for funds allocated to particular purposes or reserves, including the CBRF, the SBRF, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

The Constitutional Budget Reserve Fund. The State Constitution requires that oil and gas and mineral dispute-related revenue be deposited in the CBRF. The State Constitution provides that other than money required to be deposited in the Permanent Fund and the Public School Trust Fund, all money received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, are required to be deposited in the CBRF. Money in the CBRF may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of each house of the Legislature; or (ii) by majority vote if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The State Constitution also provides that until the amount appropriated from the CBRF is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the CBRF.

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget, when necessary, at the end of the fiscal year. The State has drawn on the CBRF in each year since fiscal year 2014, although in some years dedicated earnings and deposits into the CBRF were greater than the draws. Historical borrowing from the CBRF in the 1990's through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred during fiscal years 2011, 2012, or 2013.

The fiscal year 2015 capital budget approved by the Legislature included a \$3 billion transfer from the CBRF to the Public Employees Retirement System ("PERS") and Teachers Retirement System ("TRS"). PERS received \$1 billion and TRS received \$2 billion. This transfer resulted in a liability of the General Fund. Additional amounts were appropriated from the CBRF to the General Fund annually in fiscal years 2016 through 2021, to fund shortfalls between State revenue and General Fund appropriations. The total net amount appropriated from the CBRF since fiscal year 2015 as of June 30, 2021 was approximately \$12.8 billion. Pursuant to the State's fiscal year 2021 ACFR, the June 30, 2021, unassigned fund balance of the CBRF was approximately \$767.2 million.

The asset balance in the CBRF as of June 30, 2022, was approximately \$0.9 billion, including earnings of approximately \$1.2 million. CBRF earnings as of June 30, 2022, were adjusted by approximately \$52.0 million for investment losses that were realized in the Higher Education Investment Fund and allocated to the CBRF for a total net loss of \$50.8 million. General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. As of June 30, 2021, the asset balance was approximately \$1.1 billion, including earnings of approximately \$2.2 million; as of June 30, 2020, the asset balance was approximately \$2.0 billion, with investment earnings of \$62.8 million; as of June 30, 2019, the asset balance was \$1.8 billion, with investment earnings of \$74.8 million; and as of June 30, 2018, the asset balance was \$2.4 billion, with earnings of \$47.2 million.

The Statutory Budget Reserve Fund. The SBRF has existed in the State's accounting structure since 1986. The SBRF is available for use for legal purposes by majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in the fiscal year was insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund may be appropriated from the SBRF to the General Fund. For fiscal year 2015, this resulted in a year-end transfer from the SBRF to the

General Fund of approximately \$2.5 billion. As of June 30, 2015, the SBRF held approximately \$288 million. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of \$288 million and the available fund balance of the SBRF diminished to zero. The SBRF unassigned fund balance for fiscal year 2021, reported in the State's ACFR, was \$480.8 million as of June 30, 2021. The most recent OMB Fiscal Summary as of December 15, 2022, projects a SBRF balance of approximately \$370.3 million as of June 30, 2022, and \$20 million as of June 30, 2023. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund, unless otherwise appropriated back to the fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. The amendment provides that “at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments” and that “all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.”

In 1980, legislation was enacted that provided for the management of the Permanent Fund by the APFC, a public corporation within the Department of Revenue managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments, and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. For fiscal year 2022, State oil and mineral revenues deposited in the Permanent Fund were \$549 million, compared to \$320 million in fiscal year 2021, \$319 million in fiscal year 2020, \$385 million in fiscal year 2019, and \$353 million in fiscal year 2018. Since inception, as of June 30, 2022, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include \$18.0 billion for inflation proofing, \$18.5 billion in royalty contributions, and \$15.0 billion in special appropriations.

The Permanent Fund tracks earnings on a basis compliant with statements pronounced by the Governmental Accounting Standards Board (“GASB”) in the compilation of the financial statements of the Permanent Fund. Fund balance consists of two parts: (1) principal, which is non-spendable, and (2) earnings reserve, which is spendable with an appropriation by the Legislature. By statute, only realized gains are deposited in the earnings reserve. Unrealized gains and losses associated with principal remain allocated to principal. Because realized gains deposited in the earnings reserve are invested alongside the principal, however, the unrealized gains and losses associated with the earnings reserve are spendable with an appropriation of the Legislature.

Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation proofing. Between 1982 and 2022, \$28.8 billion of dividends were paid to Alaska residents and \$18.0 billion of Permanent Fund income has been added to principal for inflation proofing. For fiscal years 2016, 2017, and 2018, there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, \$989 million, provided for in the enacted fiscal year 2019 operating budget, was appropriated from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation on the principal for fiscal year 2019. The State's fiscal year 2020 budget included an appropriation of approximately \$4.8 billion from the

earnings reserve to the principal of the Permanent Fund. The State's fiscal year 2021 budget did not include an appropriation for additions to principal for inflation proofing. The Legislature made a \$4 billion special appropriation to principal in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, approximately \$1 billion is appropriated from the earnings reserve to the principal of the Permanent Fund. The Permanent Fund Dividend amount, paid in calendar year 2021, was \$1,114 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2022, was \$3,284 per qualified resident, inclusive of amounts designated as energy relief to Alaskans.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund Earnings Reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund, approximately \$76.3 billion as of June 30, 2022, down from approximately \$81.9 billion as of June 30, 2021, may not be spent without amending the State Constitution. The earnings reserve, approximately \$16.1 billion as of June 30, 2022, down from approximately \$21.1 billion as of June 30, 2021, may be appropriated by a majority vote of the Legislature.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as *State v. Amerada Hess*). The total of the settlements and retained income thereon, as of June 30, 2022, was approximately \$424.4 million. Earnings on the settlements are excluded from the dividend calculation and are not subject to inflation proofing in accordance with State law, and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. The Alaska Capital Income Fund realized earnings on settlement principal of approximately \$24.0 million in during fiscal year 2022 and \$50.1 million during fiscal year 2021.

As previously discussed, SB 26 created a percent of market value to provide a sustainable draw on the earnings reserve for transfer to the General Fund as unrestricted revenue.

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Table 5
State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2013 – 2022

Fiscal Year	General Purpose Unrestricted Revenue (\$ mil)	Recurring & Discretionary General Fund Expenditures (\$ mil)	Unrestricted Revenue Surplus/ (Deficit) (\$ mil)	Ending SBRF Reserves Available Balance (\$ mil)	Ending CBRF Reserves Available Balance (\$ mil) ⁽¹⁾	Permanent Fund Earnings Reserve Balance (\$ mil)	Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2013	6,929	7,455	(526)	4,711 ⁽²⁾	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791 ⁽²⁾	12,780	6,211	107.57	530.4
2015	2,257	4,760	(2,503) ⁽³⁾	288 ⁽²⁾	10,101	7,162	72.58	501.0
2016	1,533	5,213	(3,680) ⁽³⁾	– ⁽²⁾	7,331	8,570	43.18	514.7
2017	1,354	4,498	(3,144) ⁽³⁾	– ⁽²⁾	3,896	12,816	49.43	526.4
2018	2,414	4,489	(2,075) ⁽³⁾	– ⁽²⁾	2,360	18,864 ⁽⁴⁾	63.61	518.5
2019	5,350 ⁽⁵⁾	4,889	461 ⁽³⁾	– ⁽²⁾	1,832	18,481 ⁽⁴⁾	69.46	495.0
2020	4,529 ⁽⁵⁾	4,805	(276) ⁽³⁾	– ⁽²⁾	1,983	12,894 ⁽⁴⁾	52.12	471.8
2021	4,783 ⁽⁵⁾	5,031 ⁽³⁾	(248) ⁽³⁾	481 ⁽²⁾	1,076	21,148 ⁽⁴⁾	54.14	486.1
2022	6,939 ⁽⁵⁾	5,362 ⁽³⁾	1,577 ⁽³⁾	370	915	16,150 ⁽⁴⁾	91.41	476.5

(1) The CBRF available balance represents the historical asset values.

(2) Includes unassigned fund balance through net transfer from the SBRF to the General Fund reconciled at the release of the State's ACFR. The State's fiscal year 2022 ACFR is anticipated to be released after the date of this Official Statement.

(3) The SBRF was used to balance the fiscal year 2015 deficit, with \$288 million remaining as of June 30, 2015. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated is repaid. The available fund balance of the SBRF as of June 30, 2016, was zero. Fiscal year 2021 includes an estimated \$325 million transfer to the SBRF from the Unrestricted General Fund, and fiscal year 2022 includes an estimated \$111 million draw from the SBRF.

(4) Includes amount committed for General Fund transfer pursuant to SB 26, as well as any special appropriations and/or inflation proofing transfers.

(5) Includes Permanent Fund Earnings Reserve transfer prior to dividend payments.

Source: State of Alaska Department of Revenue and OMB.

Revenue Forecasts

The State regularly prepares revenue forecasts for planning and budgetary purposes. Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production expected from projects currently under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Fall 2022 Revenue Forecast. The State will next update its forecast in the Spring 2023 Revenue Forecast, which is anticipated to be released in March 2023. The State has provided certain estimates for fiscal years 2023 and 2024 based on information available as of the Fall 2022 Revenue Forecast, as well as certain audited results for fiscal year 2022 for the CBRF and the APFC. The State anticipates the release of the ACFR for fiscal year 2022 after the date of this Official Statement. See

“– Government Funds” above for a description of some of the actions the State can take when revenues prove to be lower than expected.

The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation. Table 6 provides a summary of the State’s most recent forecast for revenues subject to appropriation in fiscal years 2023 through 2028.

Table 6
State of Alaska Projection of Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2023 through 2028 ⁽¹⁾
(\$ millions)

	2023	2024	2025	2026	2027	2028
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$ 3,380.1	\$ 2,861.5	\$ 2,559.1	\$ 2,389.0	\$ 2,198.1	\$ 2,205.4
Production Tax – Hazardous Release Surcharge	8.0	8.2	8.1	8.1	8.3	8.9
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	85.4	72.8	70.7	71.9	91.0	133.5
Tax and Royalty Settlements to CBRF	145.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue	\$ 3,618.5	\$ 2,962.5	\$ 2,657.9	\$ 2,489.0	\$ 2,317.5	\$ 2,367.8
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 450.1	\$ 474.1	\$ 490.8	\$ 501.7	\$ 511.7	\$ 528.2
Designated General Fund	477.4	493.0	494.3	495.8	497.3	498.5
Royalties to Alaska Permanent Fund beyond 25% dedication	3.4	3.6	3.7	3.8	3.8	3.9
Subtotal Non-Petroleum Revenue	\$ 930.9	\$ 970.7	\$ 988.8	\$ 1,001.3	\$ 1,012.9	\$ 1,030.6
<u>Investment Revenue</u>						
Unrestricted General Fund	\$ 3,395.6	\$ 3,600.6	\$ 3,737.5	\$ 3,882.5	\$ 4,059.5	\$ 4,092.5
Designated General Fund	8.6	42.9	42.9	42.9	42.9	42.9
CBRF ⁽²⁾	22.6	24.9	26.0	27.1	28.3	29.4
Subtotal Investment Revenue	\$ 3,426.8	\$ 3,668.4	\$ 3,806.4	\$ 3,952.5	\$ 4,130.7	\$ 4,164.8
Total Revenue Subject to Appropriation	\$ 7,976.3	\$ 7,601.6	\$ 7,453.2	\$ 7,442.8	\$ 7,461.1	\$ 7,563.2

(1) This table presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the State accounting system would likely reveal additional revenues subject to appropriation beyond those identified here. Totals may not add due to rounding.

(2) CBRF earnings projections on balances reflect estimates that do not incorporate potential amounts swept to the CBRF under Alaska Constitution Article IX Sec. 17(d).

Source: Fall 2022 Revenue Forecast, Tax Division.

General Fund Expenditure Trends

From the fiscal year 2013 peak through fiscal year 2022, recurring Unrestricted General Fund expenditures have diminished from approximately \$7.9 billion to \$5.4 billion. A significant portion of the

expenditures through fiscal year 2021 were funded from prior year excess revenue held in the CBRF, the SBRF or in the form of forward funding future fiscal year appropriations.

10-Year Plan and General Fund Forecast

The Executive branch is obligated by AS 37.07.020 (b) to provide a 10-year plan and General Fund forecast on an annual basis. The Office of the Governor, OMB annually in December submits a 10-year projection of revenues based on the Tax Division's Fall Revenue Sources Book and expenditures as projected by their staff. The expenditure projections contained in the document are intended to be used as a planning tool. They do not represent a commitment by the Executive Branch to generate revenue or require spending at a particular level in any future fiscal year.

The Fiscal Year 2024 Budget Overview and 10-Year Plan ("FY 2024 10-Year Plan") was released by Governor Dunleavy's administration and the OMB on December 15, 2022. The FY 2024 10-Year Plan is provided in complete form on the State of Alaska, Office of the Governor, OMB's website. The FY 2024 10-Year Plan includes recognition of the State's diminishing reserves with status-quo revenue sources and policies, a full statutory dividend payment and need for a shift in future year's new revenue targets, as reflected in the "10-Year Plan Summary" in Table 7.

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Table 7

Fiscal Year 2024 Budget Overview and 10-Year Plan Summary
Fiscal Years Ended June 30, 2024 - 2033

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Permanent Fund Dividend (“PFD”)										
PFD Transfer	\$ 2,470.9	\$ 2,663.4	\$ 2,892.4	\$ 2,626.9	\$ 2,735.6	\$ 2,852.3	\$ 2,930.4	\$ 3,009.6	\$ 3,090.9	\$ 3,175.6
Per Capita PFD (dollars)	3,860.0	4,161.0	4,518.0	4,104.0	4,274.0	4,456.0	4,578.0	4,702.0	4,829.0	4,961.0
Unrestricted General Fund Expenditures										
Agency Operations	4,148.5	4,210.8	4,273.9	4,338.0	4,403.1	4,469.1	4,536.2	4,604.2	4,673.3	4,743.4
Statewide Items	359.3	301.6	293.6	318.5	324.1	321.9	325.2	319.6	324.4	325.1
Operating Budget	\$ 4,507.8	\$ 4,512.4	\$ 4,567.6	\$ 4,656.6	\$ 4,727.2	\$ 4,791.0	\$ 4,861.3	\$ 4,923.8	\$ 4,997.7	\$ 5,068.5
Capital Budget	276.4	220.0	223.3	226.6	230.0	233.5	237.0	240.6	244.2	247.8
Total General Fund Appropriations	\$ 4,784.2	\$ 4,732.4	\$ 4,790.9	\$ 4,883.2	\$ 4,957.2	\$ 5,024.5	\$ 5,098.3	\$ 5,164.4	\$ 5,241.8	\$ 5,316.3
Unrestricted Revenues										
Traditional Unrestricted General Fund Revenue	\$3,410.1	\$ 3,124.4	\$ 2,965.3	\$ 2,784.4	\$ 2,808.2	\$ 2,681.7	\$ 2,676.5	\$ 2,766.5	\$ 2,844.6	\$ 3,118.0
Gross Percent of Market Value (“POMV”) Transfer	3,526.1	3,663.0	3,808.0	3,985.0	4,018.0	4,128.0	4,240.0	4,354.0	4,469.0	4,588.0
Revenue Adjustments	59.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Deposit	(2,470.9)	(2,663.4)	(2,892.4)	(2,626.9)	(2,735.6)	(2,852.3)	(2,930.4)	(3,009.6)	(3,090.9)	(3,175.6)
Status-Quo Available Revenue	\$ 4,524.3	\$ 4,124.1	\$ 3,880.9	\$ 4,142.4	\$ 4,090.6	\$ 3,957.4	\$ 3,986.1	\$ 4,111.2	\$ 4,222.7	\$ 4,530.3
New Revenue Scenario										
New Revenue Target	300.0	500.0	750.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0
Deposit/(Draw) with New Revenue Target	\$ 40.1	(\$ 108.3)	(\$ 159.9)	\$ 159.2	\$ 33.4	(\$ 167.1)	(\$ 212.3)	(\$ 153.2)	(\$ 119.1)	\$ 114.0
Reserve Balances	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Statutory Budget Reserve End Balance	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 20.0
Constitutional Budget Reserve										
Constitutional Budget Reserve Beginning Balance	\$ 2,278.1	\$ 2,343.1	\$ 2,281.6	\$ 2,167.3	\$ 2,369.9	\$ 2,450.6	\$ 2,332.6	\$ 2,166.9	\$ 2,057.1	\$ 1,979.1
Earnings and Deposits	24.9	46.9	45.6	43.3	47.4	49.0	46.7	43.3	41.1	39.6
Surplus/(Draws)	40.1	(108.3)	(159.9)	159.2	33.4	(167.1)	(212.3)	(153.2)	(119.1)	114.0
Constitutional Budget Reserve End Balance	\$ 2,343.1	\$ 2,281.6	\$ 2,167.3	\$ 2,369.9	\$ 2,450.6	\$ 2,332.6	\$ 2,166.9	\$ 2,057.1	\$ 1,979.1	\$ 2,132.7

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The fiscal year 2023 budget was approved by the Legislature on May 18, 2022, and on June 28, 2022, Governor Dunleavy signed into law the fiscal year 2023 budget. The most recent 10-Year Plan was released on December 15, 2022. The FY2024 10-Year Plan includes certain forecasted information contained in the Fall 2022 Revenue Forecast as well as other projected revenue scenarios over the forecast period.

Other Funds Maintained by the State

The State maintains other types of funds, such as Enterprise Funds, Trust and Agency Funds, Capital Projects Funds and Special Revenue Funds.

Enterprise Funds are operated by the State for “self-supported” activities that provide goods and/or services to the public on a charged payment basis. The International Airports Revenue Fund and a number of State loan program funds are Enterprise Funds.

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of custodian or fiduciary agent. In addition to the Permanent Fund and the retirement systems funds, major funds in this category include the Public School Trust Fund, the Mental Health Trust Reserve Fund, and the Power Cost Equalization Endowment.

Capital Projects Funds account for the use of the proceeds of general obligation bond issues and matching federal funds for capital outlays. In general, all capital outlay projects are accounted for through Capital Projects Funds except capital projects being financed by the General Fund through direct appropriations and capital projects financed with moneys in the International Airports Revenue Fund.

Special Revenue Funds are maintained in connection with the State’s issuance of revenue bonds, such as revenue bonds issued by the Alaska International Airports System.

State Ownership of Land and Natural Resources

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state in the United States, roughly equivalent in size to one-fifth of all the other 49 states combined. Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners.

In 1959, when Alaska became a state, 99.8 percent of the land was owned by the federal government. The Statehood Act, as modified by the Alaska Land Transfer Acceleration Act of 2004, gave the State the right to select and acquire approximately 105.5 million of the nearly 365 million acres of federal lands in Alaska. As of August 2022, over 95 percent, about 100.6 million acres, of this grant has been conveyed to the State. In addition, the State owns approximately 65 million acres of submerged and tide lands, some of which overlies areas with the potential for natural resource production.

Land ownership in Alaska is also shaped by the Alaska Native Claims Settlement Act (“ANCSA”) enacted by Congress in 1971. Under ANCSA, 13 regional corporations and more than 200 village corporations were established with Alaska Natives as their shareholders and beneficiaries. These corporations were authorized to select approximately 44 million acres of federal lands and the associated subsurface and surface rights for transfer into their ownership.

In summary, Alaska Natives and ANCSA corporations own approximately 13 percent of Alaska lands, the State owns approximately 26 percent, and the federal government owns approximately

60 percent, with less than one percent of Alaska lands owned by private, non-Native owners. As described below, the State obtains significant revenues from companies that lease State-owned lands for extraction of oil, natural gas, coal, gold, silver, zinc, copper and other minerals and shares with the federal government revenues from oil, natural gas and other assets extracted from federal lands leased by private companies. Additionally, the State receives indirect benefits and tax revenues from development and activity on ANCSA corporation-owned lands.

For State land, Article 8, Section 1 of the State Constitution provides that, “it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.” The DNR is the State entity entrusted with executing this objective on the 165-million-acre upland and tideland portfolio. Consequently, DNR has a stewardship and public trust responsibility for all State-owned land, water and resources in addition to regulatory responsibilities on private lands.

As part of this work, DNR manages the State’s mineral, coal, oil and gas, geothermal, timber, material and water resources, provides land use authorizations for surface activities on State land, receives title from the federal government in accordance with the Statehood Act and the Alaska Land Transfer Acceleration Act and conveys land to private purchasers. DNR manages and distributes a large volume of technical data, public records, land records and geospatial information.

Oil and Gas Reserves and Potential Future Recoverable Resources

Most of the State’s annual revenues have been generated from oil exploration and production since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered. To enable the production of this resource, the TAPS, an 800-mile, 48-inch crude oil pipeline from the State’s Arctic Coast to Valdez in south-central Alaska was constructed in the 1970s and came online in 1977. This nationally important infrastructure has transmitted more than 18.5 billion barrels of crude oil from the North Slope of Alaska to market through calendar year 2022. Other pipelines exist upstream of TAPS that have spare capacity and currently deliver oil production from existing fields.

At peak production levels in 1988, over 2 million barrels per day were flowing through TAPS from the Prudhoe Bay field, the Kuparuk field (the State’s second largest oil-producing area), as well as from the Endicott and Lisburne satellite fields. While oil production has declined to just under 500,000 barrels of oil per day in 2022, since 2016 upwards of 20 billion barrels of new discoveries have been made and currently stand at different stages of appraisal and development.

The ANS continues to see new oil being produced from redevelopment of existing fields, as well as new developments that will bring future production. This new production on the North Slope has helped to offset some of the volume decline since the 1988 peak. The Fall 2022 Revenue Forecast for North Slope crude oil production projects approximately 491,700 barrels per day in fiscal year 2023 and 503,700 in fiscal year 2024.

In the Fall 2022 Revenue Forecast, the State forecasted that crude oil production on the North Slope will rebound to over 500,000 barrels of oil per day in the 10-year forecast period, to 577,300 barrels of oil per day by fiscal year 2033. This forecast applies a risk-weighted view on future projects which typically fall below forecasts by operators of the projects in question.

Other potential in future production lies with some technologically challenged resources within the State. For example, with successful pilot and small-scale deployments of polymer flooding, viscous and heavy oil technologies could further unlock resources that have stayed out of recoverable estimates in the past. Broad application of more viscous and heavy oil technologies will translate to significant increases in State production in viscous and some heavy oil resources.

The State does not include any potential production from the Arctic National Wildlife Refuge (“ANWR”) or other fields yet to be discovered in its forecasts. After President Trump signed the Tax Cuts and Jobs Act (Public Law 115-97) in December 2017, the U.S. Department of Interior was directed to hold at least two oil and gas lease sales in the ANWR Coastal Plain. This area is commonly known as the “1002 area,” after section 1002 of the Alaska National Interest Lands Conservation Act of 1980. The first of two lease sales required by the law was held in January 2021, but several of the executive orders (“EOs”) signed by President Biden upon inauguration suspended the leases. These EOs also require additional review of the ANWR leasing program and restarted the Environment Impact Statement process for future sales. Two of the leaseholders from that lease sale have relinquished their leases, while the third, the Alaska Industrial Development and Export Authority (“AIDEA”), is challenging these actions by the federal government.

Some of the State’s oil companies are still able to attract capital at competitive rates to continue to develop oil and gas assets in the State. The Fall 2022 Revenue Forecast presented aggregated capital spending projections for Alaska’s Oil industry to exceed \$12.7 billion through fiscal year 2027. For the period from March 2020 through the beginning of 2021, for most companies, at least some development drilling, exploration or other projects were deferred until oil prices improved. Even as capital shifted away from other US basins, recent refocusing of oil industry expenditure into conventional resources with relatively low decline rate placed Alaskan projects in favorable ranking. As oil prices rebounded over \$50 per barrel at the beginning of 2021, this trend of selective spending is projected to keep the State’s projects competitive. For international oil companies, a combination of a balanced State fiscal system and highly competitive Federal tax regime has made Alaskan assets attractive to foreign investors. This is evident by the number of non-US firms that have entered the State’s basins in the last 10 years.

Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has declined in the past three years, partially due to the pandemic and oil prices in fiscal year 2020 and 2021. Although some of these fields have now been in production for over 60 years new discoveries in the basin continue to be made. Cook Inlet production grew from 10,200 barrels per day in fiscal year 2010 to 18,000 barrels in fiscal year 2015, and most recently was 9,400 barrels of oil per day on average in fiscal year 2022. The Fall 2022 Revenue Forecast forecasts Cook Inlet production to reach 9,900 barrels of oil per day in fiscal year 2027, declining to 6,200 in fiscal year 2032.

The State also features immense potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources on the North Slope. While relatively under-explored, recent discoveries by operators in new exploration play-types within the shallower Brookian-sourced strata, point to the prolificity of the basin. Department of Revenue’s 2022 Fall Forecast forecasted a 10.5% rise in crude oil production from the basin by 2032.

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Many of the opportunities to add production from State lands are from conventional light oil, expanded heavy and viscous oil development, tight oil development, continued satellite development at Alpine, and projects targeting the Brookian Nanushuk and Torok Formations. Major projects in active appraisal and development include the Pikka Nanushuk Phase 1 project on State lands which received a final investment decision and project sanction in 2023; the Willow Project on federal lands that has completed extensive appraisal and preparation of a Supplemental Environmental Impact Statement (“SEIS”), and expects a final Record of Decision by the Bureau of Land Management in coming months; and the Nuna-Torok project with some development wells already online and a participating area application is expected soon to be submitted. These projects could increase proved crude oil reserves by several billion barrels.

While production in the NPR-A is entirely on Federally managed lands, the State benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits from the production of oil from non-State private lands

shipped through TAPS. In addition to direct payments, projects on State land also benefit from oil production from non-State land through decreased tariffs resulting in increased economic viability of new projects and prolonged economic life of producing fields.

Additionally, studies by the USGS also point to the undiscovered resource potential of the North Slope Basin. A study by the USGS (2020) estimates mean undiscovered resources within the North Slope Central region at 3.5 billion unrisks barrels. This area is generally closer to infrastructure. Including the NPR-A area increases this estimate to over 13 billion barrels (USGS, 2017). Exploration successes by ConocoPhillips Alaska and Oil Search Alaska in and around the Western North Slope area continue to increase industry confidence in the undiscovered resource potential of the area.

The State continues to see strong interest in bidding on leases of State land for oil and gas exploration and production on the North Slope and Cook Inlet. The DNR Division of Oil & Gas holds five regular areawide lease sales twice per year: Cook Inlet and the Alaska Peninsula in Spring, and North Slope, North Slope Foothills, and Beaufort Sea in Fall. In the 5-year period from fiscal years 2017 through 2022, the Division of Oil & Gas held ten lease sales, receiving bids on 548 sale tracts from 28 unique bidding groups, bringing in over \$62 million in bonus bids. Bidders included major international producers and established independent companies. As of November 2022, there are 18.9 million unleased acres in the five areawide sale areas.

To encourage interest in the State's unleased acreage, a significant amount of data related to wells, geology, and seismic surveys has been made available on several government websites, including the Division of Oil & Gas, the Division of Geological & Geophysical Surveys, and the Alaska Oil & Gas Conservation Commission.

Natural Gas Pipeline Developments

Natural gas development on the ANS has been limited because a pipeline to transport recovered natural gas to market outside the State has never been constructed. As a result, natural gas produced in conjunction with oil production on the North Slope is not yet sold commercially in significant volumes. Most of the produced gas is re-injected into the North Slope oil fields for use in enhanced oil recovery projects at the Prudhoe Bay field or at the Kuparuk field while some is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 50 TCF of known contingent gas resources on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates for the greater Alaska region by the USGS (onshore and state waters) and the Bureau of Ocean Energy Management (Outer Continental Shelf waters) place the amount of undiscovered technically recoverable resources around 200 TCF of conventional gas and 125 TCF of methane hydrates and shale gas.

The State's production tax and royalty provisions apply to natural gas products as well as to oil, and the State's long-term financial planning is based in part on efforts to develop natural gas resources as oil production declines. See “— State Revenues—*Oil and Gas Revenues*” above.

To spur commercialization of Alaska natural gas, the Legislature has passed several acts designed to reach a solution to moving gas off the North Slope to in-state and export markets. After passage of the Alaska Gasline Inducement Act of 2007, the State and TransCanada Alaska investigated a plan to build a 1,715-mile natural gas pipeline from a natural gas treatment plant at Prudhoe Bay to the Alberta Hub in Canada. The project conducted its initial open season in 2010, receiving multiple bids from potential shippers. In 2012, TransCanada, ExxonMobil, ConocoPhillips and BP formally agreed on a work plan under the AGIA framework and pertinent milestones to explore and develop a concept for a liquefied natural gas project and associated pipeline to Southcentral Alaska.

In 2013, the Alaska Gasline Development Corporation (“AGDC”) was established as an independent, public corporation of the State. Its mission was expanded in 2014 to include developing a liquified natural gas (“LNG”) project for the State. In addition to developing initial scoping and engineering for the project, much work has been done to court potential buyers of LNG in Asian markets.

Since 2016, the AGDC has been leading the proposed multibillion-dollar project to build a natural gas pipeline from the North Slope to South-central Alaska, where LNG was successfully exported to Asian markets from 1969 to 2015. The project will also include infrastructure such as a gas conditioning plant on the North Slope and a new liquefaction plant and marine terminal in Nikiski, Alaska. In April and May of 2020, AGDC received crucial authorizations from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration and the Federal Energy Regulatory Commission to construct and operate the Alaska LNG Project. AGDC is currently updating its economic analysis to assess commercial viability and is also seeking a partner in the project.

In October 2019, Qilak LNG Inc. announced that a Heads of Agreement (“HOA”) was entered with ExxonMobil Alaska Production Inc. regarding the potential supply of natural gas from the Point Thomson field to Qilak LNG’s proposed ANS LNG export project. The Qilak LNG project seeks to capitalize on recent developments in Arctic LNG technology allowing natural gas to be directly exported from the ANS. The project targets delivery of natural gas to Asia, utilizing icebreaking LNG carriers at a rate of 4 million tons per year.

In April 2021, the DNR, Division of Oil & Gas, State Pipeline Coordinator issued two pipeline right-of-way leases for an Alaska LNG Point Thomson mainline and transmission line. These pipelines would link the gas field at Point Thomson with the proposed gas treatment plant in the central Prudhoe Bay infrastructure area and be built mostly along existing oil pipeline corridors.

Mineral Resources

According to the DNR Division of Geological Surveys, the State contains measurable amounts of the world’s mineral reserves including approximately 12% of the coal, 3.5% of the zinc, 3% of the gold, 2% of the lead, 1.5% of the silver, and 0.3% of the copper. Seven large mines that produce zinc, gold, lead, silver, and coal are currently in operation and several other large mines are under development or exploration. There are also more than 150 smaller-scale placer gold operations, plus additional sand and gravel mining operations.

In 2022, the seven major Alaska mines are:

- Red Dog Mine, a surface mine and mill that produces zinc, lead and silver in concentrates in the Northwest Arctic Borough. It is a joint venture between Teck and an Alaska Native Corporation. Red Dog is one of the largest zinc mines in the world, both in terms of production and reserves.
- Fort Knox Mine, owned by Kinross, has been the largest gold producer in the State since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Gil Satellite Ore Mine, owned by Kinross, is located 13 kilometers east of the Fort Knox Mine. Gold production began in late 2021.
- Pogo Mine is an underground gold mining operation that began producing gold in 2006, operated by Northern Star Resources Limited.
- Usibelli Coal Mine, located outside Healy, in the interior of the State, is the only operating coal mine in Alaska and was established in 1943.
- Greens Creek Mine, located on Admiralty Island, in southeast Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead since 1989. It is owned by Hecla and is one of the world’s top 10 silver producers.

- Kensington Gold Mine, located on the east side of Lynn Canal about 45 miles north-northwest of Juneau, is owned by Coeur Alaska. It began production in 2010.

Mining claims and prospecting sites covered approximately 4 million acres of Alaska in calendar year 2020, with 6,447 active federal and 41,571 active state mining claims. The total area of State mining claims increased by 15 percent in calendar year 2020, while the total area of Federal claims increased by two percent. The total reported value of Alaska's mineral industry was \$3.2 billion in calendar year 2020, an increase of five percent over calendar year 2019. The total value is a composite of the year's expenditures on exploration and development plus the estimated first market value of the commodities produced. Zinc continued to be the top metal produced in calendar year 2020 by a slim margin, accounting for 41 percent of Alaska's total metal production despite a ten percent drop in production volume. Gold followed closely at 39 percent of total production, with total ounces produced up 11 percent and revenue up 38 percent. Production of silver and lead remained steady, but silver revenue rose, while revenue from lead fell due to price changes. Exploration expenditures totaled \$146 million in calendar year 2020 and are estimated at \$211 million for calendar year 2021 and \$290 million for calendar year 2022. Total value spent on exploration since calendar year 1981 is estimated at \$4.5 billion. The industry spent an estimated \$268 million on mine construction and other capital investment in calendar year 2020, down 23 percent compared to \$348 million in calendar year 2019, and \$334 million in calendar year 2018. Alaska's mining industry also provided an estimated 3,225 full-time-equivalent jobs in Alaska in calendar year 2020.

Mining companies are among the largest taxpayers in the City and Borough of Juneau, the Fairbanks North Star Borough, the Denali Borough, and the Northwest Arctic Borough. Minerals are the State's second largest non-oil export commodity, behind seafood, and accounted for export value of \$1.7 billion in fiscal year 2020. Advanced exploration or development stage mineral projects in the State include:

- The Manh Choh project's Peak gold-silver-copper skarn deposit, located on Tetlin Tribal land just south of Tok, is scheduled to become a mine in mid-2024.
- The Donlin Gold Project in southwest Alaska, a large open-pit gold deposit.
- Arctic, Bornite, and other Upper Kobuk Mineral Project properties in northwest Alaska, all base-metal sulfide deposits.
- The Pebble Project, a copper, gold and molybdenum deposit in the Bristol Bay region of southwest Alaska.
- The Livengood gold project north of Fairbanks, which completed a feasibility study in 2021.
- The Niblack and Palmer projects in southeast Alaska, which contain gold, silver, copper, lead and zinc.
- The Bokan Mountain project, a rare earth minerals deposit in southeast Alaska, on Prince of Wales Island.
- The Graphite Creek graphite project on the Seward Peninsula north of Nome.
- Anarraaq-Aktigiruk and Lik (Su) projects are massive sulfide deposit under investigation for zinc, lead, and silver located about eight to ten miles northwest of Red Dog mine.
- The Palmer Project, a zinc-lead-copper-gold-silver-barite deposit near Haines.

The State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rentals and production royalties. Production may end over the next decade at several of the mines that currently contribute most of the State's mining-related revenue. In most cases, as is common in the industry, new resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in advanced exploration or the permitting phase. Overall, in calendar year 2021, over \$127 million of reported and estimated revenues were paid to the State and municipalities by Alaska's mineral industry, with a state total of \$83 million, and an estimated municipality total of \$44 million. There was an estimated \$98 million in payments to Alaska Native corporations in 2021.

Alaska has a number of deposits of rare earth elements, which are used in magnets, batteries, refining and other metallurgical applications. Finished products in which they are critical include smart phones, hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, which is located in Southeast Alaska, on Prince of Wales Island near Ketchikan, has total resources of 77.5 million pounds of total rare-earth oxides. There are three other known deposits of rare earth elements located on Prince of Wales Island. The Alaska Division of Geological & Geophysical Surveys is currently engaged in a major project to evaluate Alaska's potential for rare earth elements and other strategic and critical minerals.

Other Major Resources

Fish and game have long been important resources in Alaska, and taxes on fish landings and processing represent a share of the State's non-petroleum revenues. Tourism has also been a source of revenue for the State. Passenger fee revenues are restricted revenues and not available for general appropriations, the large commercial passenger cruise vessels are subject to the State corporate income tax, the proceeds of which are unrestricted. See “- State Revenues—Other Non-Oil and Non-Mineral Revenues.”

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates the School Debt Reimbursement Program (the “SDRP”) and the Transportation and Infrastructure Debt Service Reimbursement Program (the “TIDSRP”). Other than the Veterans' Mortgage Program, these programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for certain bonds of local governments and obligations of State agencies.

The State may complete the Alaska Public Debt Book through the fiscal year ended June 30, 2022, after the posting of the Official Statement for the Bonds. The State will not incorporate the Alaska Public Debt Book as of June 30, 2022, into the Official Statement.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit, and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. Approximately \$663.0 million of general obligation bonds were outstanding as of June 30, 2021. See “- *Summary of Outstanding Debt*” and Tables 7 and 8 below.

Most recently, in November 2012, voters approved \$453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects (the “2012 Transportation Bond Act”). During fiscal year 2021, the State issued its General Obligation Bonds Series 2020A, which used the remaining authority under the 2012 Transportation Bond Act.

The following other debt and debt programs of the State were outstanding as of June 30, 2021, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation (“AHFC”) for the purpose of purchasing mortgage loans made for residences

of qualifying veterans. These bonds are also general obligation bonds of the State, and they must be authorized by law, ratified by the voters, and approved by the Committee. In November 2010, voters approved \$600 million of State guaranteed veterans' mortgage bonds, and the total unissued authorization was \$584.6 million as of June 30, 2021. As of June 30, 2021, approximately \$59.5 million of State guaranteed debt was outstanding.

State-Supported Debt. State-supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State-supported debt is not considered "debt" under the State Constitution, because the State's payments on this debt are subject to annual appropriation by the Legislature, recourse is limited to the financed property, and this debt does not create a long-term obligation of the State binding future legislatures. Voter approval of such debt is not required. State-supported debt includes lease-purchase financing obligations (structured as certificates of participation ("COPs")) and capital leases the State has entered into with respect to the Linny Pacillo Parking Garage (with AHFC) and the Goose Creek Correctional Center (with the Matanuska-Susitna Borough). Approximately \$190.8 million of State-supported debt was outstanding as of June 30, 2021.

On September 4, 2020, the Supreme Court issued a decision in *Eric Forrer v. State of Alaska* ("Forrer") related to the ATCCBC that clarified the circumstances under which financial obligations of the State constitute debt within the meaning of Article IX Section 8 (State Debt) and Article IX Section 11 (Exceptions) of the State constitution. While the decision reaffirmed prior Supreme Court decisions allowing the use of State-Supported Debt for lease-purchase of real property arrangements and clarified the scope of the revenue bond exception in Article IX Section 11 of the State constitution, it specifically disallowed the structure contemplated for the ATCCBC which is described further below. Due to similarity of structure, the decision also rendered the Pension Obligation Bond Corporation ("POBC") (created in AS 37.16) and the Toll Bridge Revenue Bonds for the Knik Arm Bridge (created in AS 37.15, Article 2) illegal. On September 28, 2020, the State of Alaska Department of Law filed a Petition for Rehearing with the Supreme Court in an attempt to obtain clarity on the scope of the Supreme Court's intent in their decision. The Supreme Court declined to respond to the Petition for Rehearing without any further ruling on the merits of the case. Certain broad references in *Forrer* may be read to effect the constitutionality of certain debt service reserve or other debt service funding structures by the State in connection with current or future State agency or local government programs with legal structures that, while fundamentally different from the ATCCBC in both public purpose and bond structure, share certain statutory frameworks with the ATCCBC.

State-Supported Unfunded Actuarially Assumed Liability (UAAL). In 2008, Senate Bill 125 ("SB 125") became law, requiring that the State fund any actuarially determined employer contribution rate above 22 percent for PERS or 12.56 percent for TRS out of the General Fund, to the extent the actuarially determined employer contribution rate exceeds payment of (i) the employer normal cost and (ii) required employer contributions for retiree major medical insurance, health reimbursement arrangement plans, and occupational death and disability benefits. This change was designed to address stress municipal employers were experiencing due to high actuarially determined percentage of payroll amounts to pay for actuarially assumed unfunded liabilities of the retirement systems. In 2015, GASB Statement No. 68 ("GASB 68") was enacted, updating reporting and disclosure requirements related to pension-related liabilities. One of the key changes was requiring a government that is committed to making payments on a pension system's unfunded actuarially assumed liability ("UAAL") on behalf of another entity to record the liability as a debt of the government making the payment. As a result of GASB 68, \$5.8 billion of long-term debt was reflected in the State's ACFR for fiscal year 2015 for a total of \$6.0 billion of UAAL.

This liability will be paid through fiscal year 2046 with annual payments determined based on a variety of actuarial assumptions, and the evolving experience as it occurs. Both the current balance of

liabilities as well as the magnitude in change in liability from future outcomes highlight the impact that PERS and TRS funding needs have on the State. Effective January 11, 2019, the Alaska Retirement Management Board (“ARM Board”) voted to change the actuarially assumed rate of investment return to 7.38 percent from 8.00 percent, along with several other actuarial assumptions. According to the PERS and TRS ACFR, as of June 30, 2021, a one percent reduction in the rate of return on investments increases the net PERS pension liability by approximately \$1,765,059,000 and the net TRS pension liability by approximately \$813,272,000.

As long as the SB 125 statutory framework is in place, the State is statutorily obligated to obtain amounts required to meet all actuarially determined employer contribution rates for PERS employers above 22 percent and TRS employers above 12.56 percent (subject to the exceptions described above). This payment is subject to annual appropriation. Based on the most recent actuarial valuation dated June 30, 2021, the UAAL for PERS and TRS as of June 30, 2021, was approximately \$4.0 billion. The Other Post Employment Benefit (“OPEB”) as of the PERS and TRS fiscal year 2021 ACFR, using fair value asset levels, are greater than the assumed liabilities for both PERS (\$2,565,354,000 overfunded) and TRS (\$1,162,681,000 overfunded). See “STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES” below for certain information related to the State pension responsibilities.

State-Supported Municipal Debt Eligible for State Reimbursement. The State administers two programs that reimburse municipalities for municipal debt: the SDRP and the TIDSRP. These programs provide for State reimbursement of annual debt service on general obligation bonds of municipalities for the SDRP and a combination of general obligation and revenue bonds of authorized participants in the TIDSRP. The State may choose not to fund these programs in part or whole.

The Department of Education and Early Development (“DEED”) administers the SDRP, which was created by law in 1970. The SDRP allows municipalities to apply, and if structured correctly, be eligible for reimbursement on up to 100 percent of the debt service on general obligation bonds issued for school construction. All municipal bonds are required to be authorized as general obligation bonds of the municipality, providing the ultimate source of payment commitment. The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990s due to State budgetary pressure. Beginning in the early 2000s, and through 2014, the program was generally available for any qualified municipal project at reimbursement rates of 60 to 70 percent of debt service. In 2015, the Legislature passed a moratorium on the SDRP and eliminated DEED’s authority to issue agreements to reimburse debt from school bonds that voters approved after January 1, 2015, and before July 1, 2020. Since 1983, the SDRP has been partially funded ten times, most recently in fiscal year 2017 at approximately 79 percent of the authorized amount, in fiscal year 2020 at 50 percent of the authorized amount, in fiscal year 2021 at zero percent of the authorized amount, and in fiscal year 2022 at approximately 42 percent of the authorized amount. The SDRP was fully funded in the enacted fiscal year 2023 budget and includes appropriations to offset prior fiscal year reductions in 2017, 2020, 2021, and 2022. As of June 30, 2021, State-supported SDRP debt was \$561.0 million.

The State Department of Transportation and Public Facilities (the “DOTPF”) and the Alaska Energy Authority administer TIDSRP. The program currently includes University of Alaska revenue bonds, seven municipalities’ general obligation bonds, and two electric associations’ revenue bonds. There are no additional authorized participants in TIDSRP and no efforts have been made to add participants to the program since its creation in 2002. Other than certain reimbursements for the University of Alaska, no funding was provided in the budgets for fiscal year 2020 through fiscal year 2022. As of June 30, 2021, State-supported TIDSRP debt was approximately \$19.0 million.

While the SDRP and the TIDSRP have been only partially funded or not funded at all in fiscal years 2020-2022, the statutorily allowed reimbursements are still reflected as State subject-to-appropriation obligations in current year balances and future year payment commitments within certain sections of the

State's Public Debt publication.

The State has received \$1.25 billion in funding from the federal CARES Act to pay for COVID-19 impacts and mitigate the impact of these reductions. The State has distributed \$562.5 million of CARES Act funding to municipalities in the State.

State-Supported Toll Revenue Bonds. In April 2014, AS 37.16 was enacted creating the Knik Arm Crossing project in the DOTPF. The Legislation provides for the DOTPF to enter into a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan and for the Department of Revenue to issue up to \$300 million of state supported subordinate lien toll bridge revenue bonds. Given the green field nature of this project there is a 100 percent expectation of insufficient toll revenue to cover debt service and the State's General Fund having to make debt payments for at least 7 to 10 years, and longer if traffic forecasts are not realized. Based on the September 4, 2020, decision of the Supreme Court this statutory construct is invalid.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund that is benefited by a discretionary replenishment provision that requires the applicable State agency or authority to report any deficiencies to the debt service reserve fund, and permits, but does not legally obligate, the Legislature to appropriate, on an annual basis, to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). Such agency or authority debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue such debt are: Alaska Aerospace Development Corporation, which has not issued any debt; Alaska Energy Authority ("AEA"); AHFC; AIDEA; Alaska Municipal Bond Bank Authority ("AMBBA"); and Alaska Student Loan Corporation ("ASLC"). Approximately \$1,096.5 million of such State agency or authority revenue bond debt was outstanding as of June 30, 2021.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State nor of the University and does not require voter approval. Such debt is authorized by law and issued by the Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or by the University of Alaska. This type of debt includes International Airports Revenue Bonds, various University Revenue Bonds, Notes, and Contracts, Clean Water and Drinking Water Fund Bonds, and Toll Facilities Revenue Bonds. As of June 30, 2021, there was \$585.1 million of State and University revenue debt outstanding, consisting of \$265.7 million of University of Alaska Revenue Bonds and Notes, and \$319.4 million of Alaska International Airport System Revenue Bonds.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets financed by bond proceeds or otherwise of assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2021, there was \$1,658.4 million aggregate principal amount of State agency debt outstanding, consisting of \$1,302.0 million of AHFC obligations, \$9.6 million of Bond Bank Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, \$49.5 million of Alaska Railroad Notes, and \$297.3 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State

will assume responsibility for the debt. As of June 30, 2021, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$1,104.8 million, consisting of approximately \$1,053.0 million issued by AHFC and \$51.8 million issued by AIDEA.

Potential State-Supported Pension Obligation Bonds. In 2008, AS 37.16 was enacted creating the POBC for the purpose of issuing bonds for up to \$5 billion for the prepayment of UAAL of the retirement systems. The POBC bonds would have been considered State-Supported debt, as they would be secured by agreements with other state agencies that are subject to annual appropriation. In 2018, the POBC bond limit was reduced to \$1.5 billion. Based on the September 4, 2020 decision of the Supreme Court, this statutory construct is invalid.

Potential State-Supported Tax Credit Certificate Bonds. In 2018, AS 37.18.010 was enacted creating the ATCCBC for the purpose of selling bonds for up to \$1 billion to provide for the purchase of certain State tax credits. The ATCCBC bonds would be considered State-supported debt as they would be secured by agreements entered into by other State agencies that are subject to annual appropriation. A legal challenge of the State Constitutionality of the ATTCCBC was filed and delayed the potential for bond issuance. Based on the September 4, 2020 decision of the Supreme Court, this statutory construct is invalid.

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Summary of Outstanding Debt. Table 8 lists, by type, the outstanding State-related debt as of June 30, 2021, except as otherwise noted.

Table 8
State of Alaska Debt and State-Related Debt by Type as of June 30, 2021
(\$ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	\$ 663.0	\$ 262.3	\$ 925.3
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	59.5	21.8	81.3
State-Supported Debt			
Certificates of Participation	18.7	4.4	23.1
Lease Revenue Bonds with State Credit Pledge and Payment	172.1	55.1	227.2
Total State-Supported Debt	190.8	59.5	250.3
State-Supported Municipal Debt ⁽¹⁾			
State Reimbursement of Municipal School Debt Service	561.0	133.3	694.3
State Reimbursement of Capital Projects	19.0	4.0	23.0
Total State-Supported Municipal Debt	580.0	137.3	717.3
Pension System Unfunded Actuarial Accrued Liability (UAAL) ⁽²⁾			
Public Employees' Retirement System UAAL	4,613.0	N/A	4,613.0
Teachers' Retirement System UAAL	1,328.4	N/A	1,328.4
Total UAAL	5,941.4	N/A	5,941.4
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	1,027.4	400.7	1,428.1
Alaska Energy Authority:			
Power Revenue Bonds #1 through #10	69.1	33.4	102.5
Total State Moral Obligation Debt	1,096.5	434.1	1,530.6
State Revenue Debt			
International Airport System Revenue Bonds	319.4	117.9	437.3
University of Alaska Debt			
University of Alaska Revenue Bonds	251.5	120.8	372.3
University Lease Liability and Notes Payable	14.2	3.8	18.0
Total University of Alaska Debt	265.7	124.6	390.3
Total State Revenue and University Debt	585.1	242.5	827.6

[Table 8 continues on next page]

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	\$ 130.7	N/A	\$ 130.7
State Capital Project Bonds ⁽³⁾	10.4	\$ 0.4	10.8
State Capital Project Bonds II ⁽³⁾	1,160.9	219.2	1,380.1
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.6	1.9	11.5
Alaska Railroad	49.5	3.8	53.3
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds ⁽⁴⁾	297.3	357.9	655.2
Total State Agency Debt	1,658.4	583.2	2,241.6
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds:	478.0	208.5	686.5
General Mortgage Revenue Bonds II	497.4	193.9	691.3
Government Purpose Bonds	77.6	13.9	91.5
Alaska Industrial Development and Export Authority:			
Power Revenue Bonds, 2015 Series (Snettisham Hydro Project)	51.8	19.2	71.0
Total State Agency Collateralized or Insured Debt	1,104.8	435.5	1,540.3
Total State and State Agency Debt	11,879.5		
Municipal Debt			
School G.O. Debt	871.7	N/A	N/A
Other G.O. Debt ⁽⁵⁾	1,419.0	N/A	N/A
Revenue Debt	765.5	N/A	N/A
Total Municipal Debt	3,056.2		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(191.1)		
Less: State Reimbursable Municipal School G.O. Debt	(561.0)		
Less: Alaska Municipal Bond Bank debt included in University debt	(81.2)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	(845.5)		
Total Deductions Due to Reporting in More than One Category	(1,678.8)		
Total Alaska Public Debt	\$13,256.9		

(1) In the enacted fiscal year 2022 Budget, School Debt was funded at 42%, and Capital Project Reimbursements only included certain University of Alaska reimbursements.

(2) From June 30, 2020 actuarial valuation, which was the most current valuation at the time of publication of the 2021 – 2022 Alaska Public Debt Book.

(3) Does not include defeased bonds.

(4) “Interest to Maturity” and “Total Debt Service to Maturity” includes accreted interest due at maturity of \$125.2 million

(5) Other G.O. Debt includes certain information sourced directly from municipal ACFRs.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding public debt. General obligation bonds are unconditionally supported, and COPs and capital leases are subject-to-appropriation commitments with associated obligations. The SDRP and TIDSRP provide discretionary annual payments to municipal issuers for qualified bonds of the municipalities that are eligible by statute to participate in the programs. Table 9 sets forth existing debt service on outstanding State-supported debt the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations into the future. With the State’s fiscal year 2022 budget, the “Capital Project Reimbursements” column was reduced to zero, other than certain reimbursements for the University of Alaska, and the SDRP was funded at approximately 42 percent. In the State’s enacted fiscal year 2023 budget, the SDRP was funded at 100 percent, with appropriations for prior year reductions in fiscal year 2017, 2020, 2021, and 2022. The TIDSRP was funded at 100 percent in the enacted fiscal year 2023 budget.

Table 9
State of Alaska
Payments on General Fund Paid Debt as of June 30, 2021
(\$ millions)

Fiscal Year	State G.O.*	Lease / Purchase	Capital Leases ⁽¹⁾	School Debt Reimbursement ^{(2),(3)}	Capital Project Reimbursement ⁽³⁾	Statutory Debt Payment to PERS/TRS ⁽⁴⁾	Total Debt Service
2021	\$79.1	\$2.9	\$19.5	\$91.4	\$3.6	\$338.6	\$535.0
2022	73.7	2.9	19.5	81.3	3.6	336.2	517.2
2023	73.5	2.9	19.5	82.3	3.6	341.6	523.4
2024	73.3	2.9	19.5	66.7	3.6	358.2	524.2
2025	68.3	2.9	19.5	57.0	3.6	371.7	523.0
2026	68.1	2.9	19.5	47.4	2.8	379.9	520.7
2027	67.5	2.9	20.9	42.8	2.6	388.7	525.4
2028	66.5	2.9	20.9	40.1	2.2	397.9	530.5
2029	65.5	2.9	17.6	35.4	0.9	408.3	530.6
2030	64.8	—	17.6	32.8	0.9	419.1	535.1
2031	52.4	—	17.6	30.2	0.4	431.1	531.6
2032	51.9	—	17.6	27.2	—	443.2	539.9
2033	51.4	—	17.6	21.1	—	456.1	546.2
2034	50.9	—	—	17.9	—	469.4	538.3
2035	27.1	—	—	12.9	—	483.1	523.1
2036	27.0	—	—	5.8	—	498.1	531.0
2037	6.6	—	—	0.7	—	513.7	521.0
2038	18.3	—	—	0.6	—	530.0	548.9
2039	6.1	—	—	0.6	—	546.4	553.1
2040	6.1	—	—	—	—	17.6	23.7
2041	6.1	—	—	—	—	18.3	24.4
2042	—	—	—	—	—	18.8	18.8

(1) A prison and a parking garage have been financed with capital leases.

(2) Fiscal years 2021 – 2039 payments are based on actual bond repayment schedules on file with DEED as of June 30, 2021.

(3) In fiscal year 2022, School Debt and Capital Project Reimbursements were funded at 42%, and zero, respectively, other than certain reimbursements for the University of Alaska.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2020, which was the most current valuation at the time of publication of the 2021 – 2022 Alaska Public Debt Book. Payment estimate of zero for fiscal years 2043-2045, and a projected payment in 2046 of \$1.3 million.

(*) State G.O. debt service is net of federal subsidies on interest expense through fiscal year 2038.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

Payment History. The State has never defaulted on its general obligation bond obligations nor has it ever failed to appropriate funds for any State-supported outstanding securitized lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State’s relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State’s policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and COPs that are State-supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the SDRP, TIDSRP, and certain capital leases. With the more inclusive funding, the State’s policy allows the annual payments on these items to range up to seven percent of unrestricted revenue.

Table 10
State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2021
Forecast for Fiscal Years Ending June 30, 2022 – 2031

Fiscal Year	Unrestricted Revenues (\$ millions)	State G.O. Debt Service (%)	State Supported Debt Service (%)	Total State Debt Service (%)	School Debt Reimbursements (%)	Statutory Payment to PERS/TRS (%)	Total Payments to Revenues (%)
1996	\$2,133.3	1.0%	0.5%	1.4%	3.7%	–	5.2%
1997	2,494.9	0.7	0.4	1.0	2.5	–	3.5
1998	1,825.5	0.8	0.6	1.3	3.4	–	4.7
1999	1,348.4	0.7	1.1	1.8	4.6	–	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	–	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	–	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	–	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	–	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	–	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	–	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	–	3.6
2007	5,158.6	0.9	0.5	1.4	1.7	–	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	–	1.4
2009	5,838.0	0.8	0.6	1.3	1.6	–	2.9
2010	5,512.7	0.9	0.8	1.7	1.7	–	3.4
2011	7,673.0	0.7	0.6	1.3	1.3	–	2.6
2012	9,485.2	0.8	0.4	1.3	1.1	–	2.4
2013	6,928.5	1.1	0.6	1.7	1.6	–	3.3
2014	5,390.0	1.4	0.7	2.1	2.0	–	4.1
2015	2,256.0	3.3	1.6	4.9	5.2	–	10.1
2016	1,533.0	4.0	2.3	6.3	7.6	–	13.9
2017	1,355.0	6.1	2.3	8.3	6.7	–	15.0
2018	2,413.5	3.7	1.1	4.8	4.6	–	9.4
2019	5,349.8	1.7	0.4	2.1	2.0	–	4.1
2020	4,537.0	1.7	0.5	2.2	2.2	–	4.4

2021	4,782.8	1.7	0.5	2.1	2.0	–	4.1
Projected							
2022*	5,731.9	1.3	0.4	1.7	1.5	5.9	9.1
2023*	5,937.7	1.2	0.4	1.6	1.4	5.8	8.8
2024*	6,064.5	1.2	0.4	1.6	1.2	5.9	8.7
2025*	6,237.9	1.1	0.4	1.5	1.0	6.0	8.5
2026*	6,359.0	1.1	0.4	1.4	0.8	6.0	8.2
2027*	6,571.2	1.0	0.4	1.4	0.7	5.9	8.0
2028*	6,685.8	1.0	0.4	1.4	0.6	6.0	8.0
2029*	6,726.1	1.0	0.3	1.3	0.5	6.1	7.9
2030*	6,910.8	0.9	0.3	1.2	0.5	6.1	7.8
2031*	7,132.7	0.7	0.2	1.0	0.4	6.0	7.4

* The forecast for fiscal years 2022 through 2031 use the projections included in the 2021 – 2022 Alaska Public Debt Book and are subject to change.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES

General

The State, through the Department of Administration, administers five retirement systems, a healthcare trust, a deferred compensation plan and a supplemental annuity plan. The two largest retirement systems are PERS and TRS. Smaller systems are the Alaska National Guard and Naval Militia Retirement System (“NGNMRS”) and the Judicial Retirement System (“JRS”). The fifth system, the smallest, is the Elected Public Officers Retirement System (“EPORS”), which provides pension and Other Post-Employment Benefits (“OPEB”) benefits to elected officials who served in 1976.

PERS and TRS each had funding ratios in excess of 100 percent (i.e., were “overfunded”) as recently as 2001. Since that time, as a result of investment losses, recalibration of OPEB liabilities and changes in actuarial assumptions and valuation methodologies, PERS and TRS each has had a UAAL and increasing actuarially determined employer contribution rates. The NGNMRS and JRS, although much smaller systems, also had UAALs until May 2008, when the Legislature made additional contributions in amounts calculated to eliminate the entire UAAL of both the NGNMRS and JRS as of June 30, 2006. The NGNMRS has been fully funded or close to fully funded since June 30, 2010. Despite the additional funding in 2008, the JRS system has continued to have a UAAL through June 30, 2021, primarily on the pension benefits. The State maintains EPORS as a cash-funded, pay-as-you go arrangement and pays benefits each year as they arise. No assets are set aside to pay EPORS benefit costs.

In December 2021, the State’s consulting actuary provided draft June 30, 2021, actuarial valuation information for PERS and TRS defined benefits pension and OPEB, and defined contribution OPEB. The actuarial valuation reports were adopted by the ARM Board on June 16, 2022. The actuarial valuation reports produced a PERS defined benefit pension funded level of 67.9%, OPEB funded level of 125.2%, and a total funded level of 85.5%. The 2021 valuation report shows a TRS defined benefit pension funded level of 79.1%, OPEB funded level of 133.9%, and a total funded level of 92.6% as reflected in Table 11.

Table 11
Actuarial Valuation Report⁽¹⁾
As of June 30, 2021

Funded Status as of June 30 (\$'s in 000's)	PERS		TRS	
	2021	2020	2021	2020
Defined Benefit ("DB") – Pension				
a. Actuarial Accrued Liability	\$15,419,975	\$15,279,525	\$7,471,887	\$7,447,036
b. Valuation Assets	10,466,709	9,713,710	5,910,369	5,587,064
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	67.9%	63.6%	79.1%	75.0%
DB – Healthcare				
a. Actuarial Accrued Liability	\$6,856,170	\$7,036,550	\$2,439,603	\$2,489,675
b. Valuation Assets	8,581,155	7,989,358	3,267,737	3,021,283
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	125.2%	113.5%	133.9%	121.4%
DB – Total				
a. Actuarial Accrued Liability	\$22,276,145	\$22,316,075	\$9,911,490	\$9,936,711
b. Valuation Assets	19,047,864	17,703,068	9,178,106	8,608,347
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	85.5%	79.3%	92.6%	86.6%
Defined Contribution Retirement ("DCR") – Pension				
a. Actuarial Accrued Liability	\$11,740	\$10,634	\$205	\$223
b. Valuation Assets	53,075	43,029	5,843	4,933
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	452.1%	404.6%	2,850.2%	2,212.1%
DCR – Healthcare				
a. Actuarial Accrued Liability	\$168,472	\$150,701	\$44,396	\$40,634
b. Valuation Assets	180,536	144,747	59,380	49,554
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	107.2%	96.0%	133.8%	122.0%
DCR – Total				
a. Actuarial Accrued Liability	\$180,212	\$161,335	\$44,601	\$40,857
b. Valuation Assets	233,611	187,776	65,223	54,487
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	129.6%	116.4%	146.2%	133.4%

(1) The fiscal year 2021 actuarial valuation report was adopted by the ARM Board on June 16, 2022.
Source: Actuarial Valuation Reports as of June 30, 2021.

The ARM Board

The ARM Board is the fiduciary for funds of three of the retirement systems: PERS, TRS and the NGNMRS and has investment oversight of all of the systems. The ARM Board's mission is to serve as the trustee of the assets of the State's retirement systems, the supplemental annuity plan, the deferred compensation program for State employees and the Retiree Healthcare Trusts (for the PERS, TRS, JRS, and the Retiree Health Fund).

Administration of the Systems

The Commissioner of the Department of Administration or the Commissioner's designee is the administrator, and the Attorney General is the legal counsel, for each of the State's retirement systems. The Treasury Division provides investment and cash management services, together with external money managers and consultants, for the ARM Board and for each of the retirement systems and healthcare trusts.

Valuation Reports

PERS and TRS are funded by a combination of mandatory employee contributions at rates that are determined by statute, investment income, and employer contributions at rates adopted by the ARM Board based upon recommendations of the consulting actuary in its valuation reports. State law limits PERS and TRS contribution rates, and statutes provide that the State contribute additional amounts up to the actuarially determined contribution rate. State law requires that actuarial valuation reports be prepared annually for PERS and TRS and that the work of the actuary be reviewed by a second, independent actuary.

Additionally, every four years, an experience study of the actual experience of each system is performed by the consulting actuary, opined on by the review actuary, and adopted by the ARM Board for use in the next four years of actuarial valuation reports. State law also requires that every four years an independent actuary be retained to conduct a separate, complete valuation for comparison purposes.

Employer Contribution Rates. Employer contribution rates are adopted by the ARM Board and are based upon State law, administrative regulations and the actuarial determined employer contribution rates based upon results of the actuary's valuations. Employer rates represent a percentage of payroll based upon (i) the normal cost (a uniform rate for all employers within a specific pension program (e.g., PERS and TRS) calculated to reflect the cost of benefits accruing in the applicable fiscal year, less the value of the employees' contributions during that year, plus (ii) the past service cost (amortization of the UAAL over the remaining amortization period). The PERS employer contribution rate is set by law at 22.0 percent; the TRS contribution employer rate is set by law at 12.56 percent. Compensation used to determine required employer contribution rates is total compensation to all active members, including those who are not members of the defined benefit plans. If the actuarially determined employer contribution rate adopted by the ARM Board to fund the plans exceeds these statutorily established rates, the State is required to consider annually appropriating an amount that, when combined with the total employer contributions, will be sufficient to pay the plans' past service liability for that fiscal year.

Senate Bill 55, an Act relating to employer contributions to the System, made changes to AS 39.35.255 that provided the State, as a participating employer, shall contribute to the System every payroll period an amount sufficient to pay the full actuarially determined employer normal cost, all contributions required under AS 39.30.370 (HRA) and AS 39.35.750 (all DCR costs – employer match, occupational death and disability plan, retiree major medical plan), and past service costs for members at the contribution rate adopted by the ARM Board under AS 37.10.220 for the fiscal year for that payroll period. The State, as an employer, will pay the full actuarial determined employer contribution rate adopted by the ARM Board for each fiscal year effective July 1, 2021.

Employee Contributions. Employee contributions are established by statute and vary for each program and for tiers within a program. If statutorily permitted, employees may also make additional, voluntary contributions, which are accounted for separately.

The Public Employees' Retirement System

General. PERS, formed in 1961, is the largest of the State's retirement systems with 151 employers comprising three State entities, 73 municipalities, 52 school districts and 25 other public entities. The three State entities represent approximately 50 percent of active PERS members. PERS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The PERS DB plan was closed to all new members effective July 1, 2006.

At June 30, 2022, the PERS DB membership consisted of 8,996 active members and 37,265 retirees, and beneficiaries and the PERS DC membership consisted of 25,405 total active members. PERS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1, 2 and 3) and defined contribution (Tier 4) plans. PERS also provides a voluntary savings plan for the DB tiers and beginning in fiscal year 2007 is funding costs of healthcare benefits through the separate Retiree Healthcare Trust within PERS. Membership in PERS is mandatory for all full- and part-time (15-30 hours per week) employees of the State and of the other participating governmental employers (other than employees exempted by statute or employer participation agreements or who belong to another of the State's retirement systems).

Participants first hired before July 1, 1986 are Tier 1 participants of PERS and are eligible for retirement and for health insurance premiums paid by PERS earlier than members hired after June 30, 1986

(Tier 2). Members first hired after June 30, 1996 (Tier 3) have a 10-year requirement for system-paid premiums, and members who are not peace officer/firefighter members have a different final average earnings calculation than members from Tiers 1 and 2.

Shift to Defined Contribution Plan. In 2005, the Legislature closed the PERS DB plan to members first hired on or after July 1, 2006, and created for Tier 4 employees a DC retirement plan, which is composed of a participant-directed investment account, retiree major medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The PERS DC participant account is funded with employee contributions of 8 percent and an employer match of 5 percent. Each participant designates how both employee and employer contributions (regardless of vesting status) are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 12:

Table 12

PERS DC Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The PERS DB member contribution rates are 7.5 percent for peace officers and firefighters, 9.6 percent for certain school district employees, and 6.75 percent for general members, as required by statute. The DB member contributions earn interest at the rate of 4.5 percent per annum, compounded semiannually.

The PERS DC Plan member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" set out in AS 39.35.280.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 13 provides a history of the employer contribution rates from fiscal year 2013 through fiscal year 2024.

Table 13
PERS Employer Contribution Rates

FY	ARM Board	DB Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	Occupational	DC Occupational	DC Health Reimbursement Arrangement ⁽¹⁾
	Adopted Rate				Death and Disability - Police/Fire	Death and Disability – All Others	
2013	35.84%	22.00%	5.00%	0.48%	0.99%	0.14%	\$ 1,848.43
2014	35.68%	22.00%	5.00%	0.48%	1.14%	0.20%	\$ 1,896.60
2015 ⁽²⁾	44.03%	22.00%	5.00%	1.66%	1.06%	0.22%	\$ 1,960.53
2016	27.19%	22.00%	5.00%	1.68%	1.05%	0.22%	\$ 2,004.52
2017	26.14%	22.00%	5.00%	1.18%	0.49%	0.17%	\$ 2,049.36
2018	25.01%	22.00%	5.00%	1.03%	0.43%	0.16%	\$ 2,084.16
2019	27.58%	22.00%	5.00%	0.94%	0.76%	0.26%	\$ 2,102.88
2020	28.62%	22.00%	5.00%	1.32%	0.72%	0.26%	\$ 2,121.60
2021	30.85%	22.00%	5.00%	1.27%	0.70%	0.31%	\$ 2,159.04
2022	30.11%	22.00%	5.00%	1.07%	0.68%	0.31%	\$ 2,168.40
2023 ⁽³⁾	24.79%	22.00%	5.00%	1.10%	0.68%	0.30%	\$ 2,237.04
2024 ⁽³⁾	25.10%	22.00%	5.00%	1.01%	0.68%	0.30%	\$ TBD

- (1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
- (2) Table 14 shows the ARM Board adopted rate for fiscal year 2015 based on a level percentage of payroll. The actual contribution for fiscal year 2015 was the one-time transfer of \$3 billion from the CBRF (\$1 billion to PERS and \$2 billion to TRS) described under “Pension Reforms.”
- (3) For both PERS and TRS, the fiscal year 2023 and 2024 ARM Board adopted rates show 0 percent contribution to OPEB due to the trusts’ overfunded status.

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 39.35.280 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 22.0 percent, is sufficient to pay the PERS DB past service liability at the consolidated actuarially determined contribution rate (“ADC”) adopted by the ARM Board for the fiscal year. Table 14 provides a seven-year history of the additional PERS contributions from the State under AS 39.35.280. For fiscal year 2015, the State total contribution to PERS was a one-time payment of \$1 billion. Due to the one-time contributions, additional legislative and actuarial adjustments in analyzing the pension systems, employer contributions have diminished from levels shown in Table 14. For fiscal year 2024, the ARM Board has recommended a PERS contribution rate attributable to participating employers at 25.10%. This results in estimated employer contributions of \$412,287,000 and an additional estimated State contribution under AS 39.35.280 of approximately \$37,942,000.

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Table 14
Additional PERS Contribution from the State (under AS 39.35.280)

<u>FY</u>	<u>Legislative Bill</u>	<u>Amount Provided by State under AS 39.35.280 (\$000s)</u>	<u>Total Employer Contributions to PERS DB (\$000s)</u>	<u>% of Contributions made by State ⁽¹⁾</u>
2014	House Bill 65	\$ 312,473	\$ 410,983	43.2%
2015	Senate Bill 119 ⁽²⁾	1,000,000	397,164	71.6
2016	House Bill 2001	126,520	390,990	24.4
2017	House Bill 256	99,167	388,138	20.4
2018	House Bill 57	72,719	385,396	15.9
2019	House Bill 286	67,857	452,867	13.0
2020	House Bill 39	79,487	457,326	14.8
2021	House Bill 205	101,383	482,932	17.4
2022	House Bill 69	97,700	480,528	16.9

(1) Percent of Contributions made by the State under AS 39.35.280.

(2) One-time transfer of \$3 billion from the CBRF (\$1 billion to PERS) described under “Pension Reforms.”

Source: State of Alaska Division of Retirement and Benefits.

The COVID-19 outbreak may have an adverse effect on assumed investment returns, as well as on revenues of the State and local governments, which may affect the ability of local governments to meet their contribution rates. In such an event, the State may be required to increase future contributions. See “INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – *COVID-19*.”

Pension Benefits. PERS DB members are eligible for normal retirement at age 55 or early retirement at age 50 (Tier 1) or normal retirement at age 60 and early retirement at age 55 (for Tiers 2 and 3), in each case with at least five years of paid-up PERS service or other qualifying service. Members may retire at any age when they have at least 30 years of paid-up service.

PERS DC members are immediately and fully vested in member contributions and related earnings (losses). A member is fully vested in the employer contributions made on that member’s behalf, and related earnings (losses), after five years of service. See Table 13 for vesting percentages.

Other Post-Employment Benefits. PERS pays provider major medical healthcare benefits for all Tier 1 retirees, for Tier 2 retirees who are at least 60, and for Tier 3 retirees with ten years of credited service without premium cost to the member. Retirees in Tiers 1, 2, and 3 with 30 years of service (20 years for Tier 1 peace officers and firefighters and 25 years for other peace officers and firefighters) receive benefits with premiums paid by PERS regardless of their age or Tier. For Tier 4 retirees who are eligible for Medicare, PERS pays a portion (70-90 percent of the cost, depending upon length of service) of health insurance premiums.

PERS DC members are eligible for major medical benefits through the retiree medical plan after certain requirements have been met. In addition, PERS DC members have access to a health reimbursement arrangement plan and Occupational Death and Disability Benefits.

Actuarial Valuation – PERS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the ARM Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018, based on the 2017 valuation, plus (ii) the fiscal year 2018 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in UAAL occurring that year, and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The fiscal year 2014 contribution requirements were determined as a percentage of total payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The payroll used to determine the contribution rates is the total payroll of all active members in the system, including those hired after July 1, 2006, who are in the DC plan. The amortization period is set by the ARM Board. Contribution rates are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board; however, they have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for fiscal year 2015, is to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization. After the ARM Board's adoption of the contribution rate for fiscal year 2015, the Legislature provided for one-time deposits of \$1 billion to PERS and \$2 billion to TRS in the fiscal year 2015 capital budget, and amended statutes to require a level percentage of payroll method for determining contributions in the future.

Table 15 presents a summary of the funding status of PERS as a whole, including pension and post-employment healthcare benefits combined, as of June 30, 2003 through June 30, 2021. The information presented in Table 15 is derived from the 2021 PERS Valuation Report and differs from the information about PERS prepared for accounting purposes.

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Table 15
PERS Funding Status⁽¹⁾
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation of Assets (000s)	Unfunded Liability (000s)	Funded Ratio (%)
2003	\$ 10,561,653	\$ 7,687,281	\$ 2,874,372	72.8%
2004 ⁽²⁾	11,443,916	8,030,414	3,413,502	70.2
2005	12,844,841	8,442,919	4,401,922	65.7
2006	14,388,413	9,040,908	5,347,505	62.8
2007 ⁽³⁾	14,570,933	9,900,960	4,669,973	68.0
2008	15,888,141	11,040,106	4,848,035	69.5
2009	16,579,371	10,242,978	6,336,393	61.8
2010	18,132,492	11,157,464	6,975,028	61.5
2011	18,740,550	11,813,774	6,926,776	63.0
2012	19,292,361	11,832,030	7,460,331	61.3
2013	19,992,759	12,162,626	7,830,133	60.8
2014	20,897,372	14,644,598	6,252,774	70.1
2015	20,648,663	16,173,459	4,475,204	78.3
2016	21,369,490	16,467,992	4,901,498	77.1
2017	21,881,395	16,786,771	5,094,624	76.7
2018	22,264,137	17,116,701	5,147,436	76.9
2019	22,190,874	17,387,184	4,803,690	78.4
2020	22,316,075	17,703,068	4,613,007	79.3
2021	22,276,145	19,047,864	3,228,281	85.5

See "Pension Reforms" section for actuarial projection as of June 30, 2021.

(1) For PERS Tiers I-III and pension and other post-employment benefits combined.

(2) Change in valuation assumptions (particularly the healthcare cost assumptions) and change in methods.

(3) Tier 4, the PERS defined contribution plan, became effective for employees first hired after June 30, 2006 when the defined benefit plans were closed. Change in healthcare cost assumptions.

Source: 2021 PERS Actuarial Valuation Report, Section 1.7.

Tables 16 and 17 present the State of Alaska PERS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

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Table 16
PERS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan
Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	\$ 382,889	\$ 344,063	\$ 38,826	\$ 1,470,540	23.40%
2014	358,718	382,998	(24,280)	1,405,197	27.26
2015	529,264	1,226,136	(696,872)	1,328,384	92.30
2016	566,615	323,946	242,669	1,251,066	25.89
2017	368,766	362,764	6,002	1,166,107	33.11
2018	395,663	372,383	23,280	1,096,605	33.96
2019	414,243	418,458	(4,215)	1,033,526	40.49
2020	429,322	429,515	(193)	956,120	44.92
2021	495,499	516,123	(20,624)	893,910	57.74
2022	502,772	513,238	(10,466)	831,409	61.73

Source: PERS Financial Statement as of June 30, 2022.

Table 17
PERS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan
Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	\$ 612,792	\$ 373,205	\$ 239,587	\$ 1,470,540	25.38%
2014	783,827	340,458	443,369	1,405,197	24.23
2015	782,258	171,028	611,230	1,328,384	12.87
2016	790,824	193,564	597,260	1,251,066	15.47
2017	133,845	124,541	9,304	1,166,107	10.68
2018	71,251	85,731	(14,480)	1,096,605	7.82
2019	99,083	102,266	(3,183)	1,033,526	9.89
2020	114,783	107,298	7,485	956,120	11.22
2021	101,330	68,191	33,139	893,910	7.63
2022	75,091	64,990	10,101	831,409	7.82

Source: PERS Financial Statement as of June 30, 2022.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the

effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% for pension and for healthcare.
Projected salary increases	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes price inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board completed an experience analysis of the actuarial assumptions underlying the PERS actuarial valuation reports covering the timeframe July 1, 2017, to June 30, 2021. There have been no changes in the actuarial methods or changes in benefit provisions since the June 30, 2021 valuation. Healthcare claims costs are updated annually. However, as a result of the experience analysis, updated demographic and economic assumptions were adopted by the ARM Board in June 2022, and are being used in the June 30, 2022 actuarial valuation reports. One significant item that was changed is the actuarial assumption for investment rate of return. This rate was revised from 7.38 percent down to 7.25 percent for the June 30, 2022 actuarial valuation reports. The actuarial assumptions will be analyzed next for the period July 1, 2021 to June 30, 2025.

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Defined benefit pension and postemployment healthcare benefit plan:

	June 30, 2021	June 30, 2017
Salary Scale	Based on actual experience from 2013 to 2017. Inflation 2.50% per year and productivity 0.25% per year.	Rates adjusted on actual experience from 2010-2013.
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% (male and female) of RP-2014 health annuitant table with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates
Post-termination Mortality	Based upon 2013-2017 actual mortality experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability Mortality	In accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement.	RP-2000 Disabled retiree table, 2000 base year projected to 2018 with projection scale BB.
Turnover	Rates adjusted based on actual experience from 2013-2017.	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Peace Officer/Firefighter: assumed to be occupational 75% of the time. Others: assumed to be occupational 40% of the time.	Incidence rates based on 2010-2013 actual experience. Peace officer/firefighter: Decreased rates by 5%. Others: Decreased rates by 30%.
Retirement	Rates were adjusted based on actual experience from 2013-2017.	Retirement rates based upon the actual 2010-2013 experience.
Deferred vested commencement date	Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.	Peace officer/firefighter: Tier 1 age 55 Tier 2 and 3 age 60 Others: Earliest unreduced age
COLA	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

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Defined contribution occupational death and disability and retiree medical benefits plan:

	June 30, 2021	June 30, 2017
Salary Scale	Based on actual experience from 2013-2017. Inflation – 2.50% per year Productivity – 0.25% per year	Inflation – 3.12% per year Productivity – 0.50% per year
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% of male and female of RP-2014 employee table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Post-termination Mortality	Based upon 2013-2017 actual mortality experience, 91% of male and 96% of female rates of the RP-2014 healthy annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability	Incidence rates based on 2013-2017 actual experience. Post-termination disabled mortality in accordance with RP-2014 disabled retiree mortality table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.	Incidence rates based on 2010-2013 actual experience. Post termination disabled mortality in accordance with RP-2000 disabled retiree mortality table, 2000 base year projected to 2018 with projection scale BB. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.
Turnover	Select and ultimate rates based upon the 2013-2017 actual experience.	Based upon the 2010-2013 actual withdrawal experience.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

Teachers' Retirement System

General. TRS was established in 1955 to provide pension and other post-employment benefits to teachers and other eligible participants. TRS includes 56 employers (including the 52 school districts). TRS is a cost-sharing, multiple employer plan composed of both a DB plan and a DC plan. Membership in either plan is dependent upon the participant date of hire. The TRS DB plan is closed to all new members effective July 1, 2006.

On June 30, 2022, the TRS DB membership consisted of 3,190 active members and 13,423 retirees and beneficiaries and the TRS DC membership consisted of 6,304 active members. TRS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1 and 2) and defined contribution (Tier 3) plans. TRS also funds costs of healthcare benefits through the separate Retiree Healthcare Trust within TRS. Membership in TRS is mandatory for all full- and part-time employees, including employees who are certificated elementary and secondary teachers, school nurses and certificated employees in positions requiring teaching certificates, employees in DEED and Department of Labor and Workforce Development positions that require teaching certificates, University of Alaska full- and part-time teachers and with the approval of the TRS administrator, full-time administrative employees in positions requiring academic standing and certain full-time or part-time teachers of Alaska Native language or culture who elect to be covered under TRS.

Participants first hired before July 1, 1990, are Tier 1 participants of TRS and are eligible for retirement and for health insurance premiums paid by TRS earlier than members hired after July 1, 1990 (Tier 2).

Shift to Defined Contribution Plan. In 2005, the Legislature closed the TRS DB plan to members first hired on or after July 1, 2006, and created for Tier 3 employees a DC retirement plan, which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The TRS DC participant account is funded with employee contributions of 8 percent and an employer match of 7 percent. Each participant designates how contributions are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 18:

Table 18

TRS DC Vesting Schedule

<u>Years of Service</u>	<u>Vested Percentage of Employer Contributions</u>
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The TRS DB member contribution rates are 8.65 percent as required by statute. Eligible TRS DB members contribute an additional 1.00 percent of their salary under a supplemental contribution provision. The DB member contributions earn interest at the rate of 7.0 percent per annum, compounded annually on June 30.

The TRS DC member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 14.25.070(a) sets the employer contribution rate at 12.56 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" under AS 14.25.085.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 19 provides a history of the employer contribution rates from fiscal year 2013 through fiscal year 2024.

Table 19 TRS Employer Contribution Rates

FY	ARM Board <u>Adopted Rate</u>	Employer <u>Effective Rate</u>	DC Employer <u>Match</u>	DC Retiree Medical <u>Plan</u>	DC Occupational Death <u>and Disability</u>	DC Health Reimbursement <u>Arrangement</u> ⁽¹⁾
2013	52.67%	12.56%	7.00%	0.49%	0.00%	\$ 1,848.43
2014	53.62%	12.56%	7.00%	0.47%	0.00%	\$ 1,896.60
2015 ⁽²⁾	70.75%	12.56%	7.00%	2.04%	0.00%	\$ 1,960.53
2016	29.27%	12.56%	7.00%	2.04%	0.00%	\$ 2,004.52
2017	28.02%	12.56%	7.00%	1.05%	0.00%	\$ 2,049.36
2018	26.78%	12.56%	7.00%	0.91%	0.00%	\$ 2,084.16
2019	28.90%	12.56%	7.00%	0.79%	0.08%	\$ 2,102.88
2020	30.47%	12.56%	7.00%	1.09%	0.08%	\$ 2,121.60
2021	30.47%	12.56%	7.00%	0.93%	0.08%	\$ 2,159.04
2022	31.85%	12.56%	7.00%	0.83%	0.08%	\$ 2,168.40
2023 ⁽³⁾	24.62%	12.56%	7.00%	0.87%	0.08%	\$ 2,237.04
2024 ⁽³⁾	25.52%	12.56%	7.00%	0.82%	0.08%	\$ TBD

- (1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
- (2) Table 19 shows the ARM Board adopted rate for fiscal year 2015 based on a level percentage of payroll. The actual contribution for fiscal year 2015 was the one-time transfer of \$3 billion from the CBRF (\$1 Billion to PERS and \$2 Billion to TRS) discussed in “Pension Reforms.”
- (3) For both PERS and TRS, the fiscal year 2023 and 2024 ARM Board adopted rates show 0% contribution to OPEB due to the trusts’ overfunded status.

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 14.25.085 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 12.56 percent, is sufficient to pay the DB past service liability at the consolidated ADC adopted by the ARM Board for the fiscal year.

Table 20 provides a history of the TRS contributions from the State under AS 14.25.085 from fiscal years 2014 through 2022. For fiscal year 2015, the State total contribution to TRS was a one-time payment of \$2 billion. For fiscal year 2021, the ARM Board has adopted a TRS contribution rate attributable to participating employers at 30.47 percent. This results in employer contributions of \$48,459,000 and an additional State contribution under AS 14.25.085 of \$134,976,000.

Table 20
TRS Contribution from the State (under AS 14.25.085)

FY	Legislative Bill	Amount Provided by State under AS 14.25.085 (\$000s)	Total Employer Contributions to TRS DB Plan (\$000s)	% of Contributions made by State ⁽¹⁾
2014	House Bill 65	\$ 316,846	\$ 69,551	82.0%
2015	Senate Bill 119 ⁽²⁾	2,000,000	63,296	96.9
2016	House Bill 2001	130,108	60,058	68.4
2017	House Bill 256	116,700	60,703	65.8
2018	House Bill 57	111,757	59,140	65.4
2019	House Bill 286	127,365	54,762	69.9
2020	House Bill 39	140,219	52,902	72.6
2021	House Bill 205	134,070	54,036	71.3
2022	House Bill	141,739	52,513	73.0

(1) Percent of Contributions made by State under AS 14.25.085.

(2) One-time transfer of \$3 billion from the CBRF (\$2 billion to TRS) described under “Pension Reforms.”
Source: State of Alaska Division of Retirement and Benefits.

The COVID-19 outbreak may have an adverse effect on assumed investment returns, as well as on revenues of the State and local governments, which may affect the ability of local governments to meet their contribution rates. In such an event, the State may be required to increase future contributions. See “INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19.”

Pension Benefits. Tier 1 members were hired before July 1, 1990 and are eligible for normal retirement at age 55 or for early retirement at age 50, and Tier 2 members were hired after June 30, 1990 and before July 1, 2006 and are eligible for normal retirement at age 60 and for early retirement at 55, and generally with at least eight years of paid-up membership service or other qualifying service. Members may retire at any age when they have at least 20 years of paid-up membership service or 20-25 years of a combination of paid-up membership service and other types of service. TRS members are also eligible for normal retirement if they have, for each of 20 school years, at least one-half year of membership service as a part-time teacher.

Tier 3 employees were hired after June 30, 2006 and are 100 percent vested in their own contributions from the beginning and vest in their employers’ seven-percent contributions over five years: 25 percent after two years of service, 50 percent after three years of service, 75 percent after four years of service and 100 percent after five years of service. Tier 3 pension payments (the account balance plus investment income) are payable in a lump sum or over time at the employee’s option.

Other Post-employment Benefits. TRS provides major medical healthcare benefits for all Tier 1 members who are at least 50 or who are any age with at least 20 years of paid-up service, and Tier 2 members who are 60 or older or who have 25 years of paid-up membership service or are disabled. Tier 2 members may receive coverage prior to age 60 if they pay the premiums. Medical benefits are supplemental to Medicare. For both Tier 1 and Tier 2, coverage includes coverage for eligible dependents.

For Tier 3, the TRS healthcare plan is a coinsurance major medical and prescription drug plan intended to maintain over time coinsurance levels at approximately 80 percent by the plan and 20 percent by the participant, with a maximum annual coinsurance payable by the participant of \$2,500 per person and a maximum lifetime benefit payable by the plan, less any amounts paid by Medicare.

Actuarial Valuation – TRS DB. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the ARM Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the fiscal year 2018 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018, due to the experience study and employer group waiver plan implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in UAAL occurring that year and will be amortized over separate closed 25-year periods. The UAAL amortization continues to be on a level percent of pay basis. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The fiscal year 2014 contribution requirements are determined as a percentage of payroll and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent assumption changes and gains/losses. The payroll used to determine the contribution rates is the total payroll of all active members in the System, including those

hired after July 1, 2006 who are in the Defined Contribution Retirement Plan. The amortization period is set by the ARM Board. Contribution levels are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however, have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for fiscal year 2015, was to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization.

The information about TRS funding status included in Table 21 reflects the status of TRS as of June 30, 2021. Information about TRS assets and liabilities allocable to State employers alone is not shown because most non-State TRS employers make these contributions primarily from funds provided by the State.

Table 21
TRS Funding Status ⁽¹⁾
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation Assets (000s)	Unfunded Accrued Liability (000s)	Funded Ratio (%)
2003	\$ 5,835,609	\$ 3,752,285	\$ 2,083,324	64.3%
2004 ⁽²⁾	6,123,600	3,845,370	2,278,230	62.8
2005	6,498,556	3,958,939	2,539,617	60.9
2006	7,229,851	4,141,700	3,088,151	57.3
2007	7,189,403	4,424,399	2,765,004	61.5
2008	7,619,178	4,936,976	2,682,202	64.8
2009	7,847,514	4,472,958	3,374,556	57.0
2010	8,847,788	4,739,128	4,108,660	53.6
2011	9,128,795	4,937,937	4,190,858	54.1
2012	9,346,444	4,869,154	4,477,290	52.1
2013	9,592,107	4,974,076	4,618,031	51.9
2014	9,841,032	6,019,274	3,821,758	61.2
2015	9,729,117	8,108,923	1,620,194	83.3
2016	9,907,624	8,200,391	1,707,233	82.8
2017	10,144,618	8,313,637	1,830,981	82.0
2018	9,960,440	8,440,309	1,520,131	84.7
2019	9,906,664	8,511,493	1,395,171	85.9
2020	9,936,711	8,608,347	1,328,364	86.6
2021	9,911,490	9,178,106	733,384	92.6

See "Pension Reforms" herein for actuarial projection as of June 30, 2021

(1) Includes pension benefits and other post-employment benefits.

(2) Change in asset valuation method.

Source: 2021 TRS Actuarial Valuation Report, Section 1.7.

Tables 22 and 23 present the State of Alaska TRS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

Table 22
TRS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2013	\$ 259,786	\$ 234,317	\$ 25,469	\$ 541,981	43.23%
2014	240,366	246,461	(6,095)	514,035	47.95
2015	321,971	1,699,074	(1,377,103)	491,223	345.89
2016	359,790	124,067	235,723	463,604	26.76
2017	133,417	153,334	(19,917)	442,029	34.69
2018	144,391	151,593	(7,202)	416,051	36.44
2019	154,083	164,170	(10,087)	392,849	41.79
2020	150,284	174,333	(24,049)	370,449	47.06
2021	155,184	163,406	(8,222)	357,288	45.74
2022	168,900	172,446	(3,546)	333,781	51.66

Source: TRS Financial Statement as of June 30, 2022.

Table 23
TRS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust
Plan
Last 10 Fiscal Years
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2013	\$ 330,411	\$ 141,125	\$ 189,286	\$ 541,981	26.04%
2014	320,797	139,936	180,861	514,035	27.22
2015	352,417	364,222	(11,805)	491,223	74.15
2016	336,595	66,099	270,496	463,604	14.26
2017	42,171	24,069	18,102	442,029	5.45
2018	19,518	19,305	213	416,051	4.64
2019	19,944	17,957	1,987	392,849	4.57
2020	28,373	18,788	9,585	370,449	5.07
2021	25,197	24,700	497	357,288	6.91
2022	22,360	21,806	554	333,781	6.53

Source: TRS Financial Statement as of June 30, 2022.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years (each layer is amortized on a closed 25-year period)
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% per year
Projected salary increases	Based upon the 2013-2017 actual experience; inflation - 2.50% per year; productivity – 0.25% per year
*Includes inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment (“PRPA”) is 50% and 75% of assumed inflation and is valued for the annual automatic PRPA as specified in statute.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board completed an experience analysis of the actuarial assumptions underlying the TRS actuarial valuation reports covering the timeframe July 1, 2017, to June 30, 2021. There have been no changes in the actuarial methods or changes in benefit provisions since the June 30, 2021 valuation. Healthcare claims costs are updated annually. However, as a result of the experience analysis, updated demographic and economic assumptions were adopted by the ARM Board in June 2022, and are being used in the June 30, 2022 actuarial valuation reports. One significant item that was changed is the actuarial assumption for investment rate of return. This rate was revised from 7.38 percent down to 7.25 percent for the June 30, 2022 actuarial valuation reports. The actuarial assumptions will be analyzed next for the period July 1, 2021 to June 30, 2025.

	June 30, 2021	June 30, 2017
Salary Scale	Based on actual experience from 2013-2017.	Rates adjusted on actual experience from 2010 to 2013.
Pre-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 100% of RP-2014 white-collar employee table, benefit weighted, rolled back to 2006, with MP-2017 generational improvement.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB. Deaths are assumed to result from non-occupational causes 85% of the time.
Post-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table, benefit weighted, rolled back to 2006, with RP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.	94% of male rates and 97% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a three-year setback for males and a four-year setback for females.
Disability Mortality	Incidence rates based on the 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement. Deaths are assumed to be from non-occupational	RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.

	June 30, 2021	June 30, 2017
	causes 85% of the time.	
Turnover	Based on the 2013-2017 actual experience	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience.
Disability	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience. Male/female rates increased and changed to Unisex rates. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience.
Part-time Service	0.75 years of credited service per year.	Part-time employees are assumed to earn 0.75 years of credited service per year.

Pension Reforms

In the past several years, to mitigate expected pension costs and rising employer contribution rates, the Legislature enacted a range of statutory changes to the retirement systems and to the State's approach to managing pension and OPEB costs. In 2005, the Legislature closed the PERS and TRS DB plans and established DC plans, each with a healthcare component, for new employees.

In 2007, the Legislature enacted Senate Bill 123, which created the Alaska Retiree Health Care Trusts (the "Retiree Healthcare Trusts"). Senate Bill 123 directed that all separately calculated employer contributions for other post-employment benefits under the DB plans and all appropriations, earnings and reserves for the payment of retiree medical obligations be credited to these separate trusts. The State received a ruling from the IRS confirming that the State could reallocate a portion of the assets of PERS and TRS to the Retiree Healthcare Trusts, which it did.

In 2008, the Legislature enacted two additional reform bills: Senate Bill 125 and the Retirement Cost Funding Act. The Retirement Cost Funding Act authorizes issuers, including the POBC, to issue bonds and/or to enter into contracts to finance the payment by governmental employers of their share of the UAALs of the retirement systems. The Governor's budget for fiscal year 2017 included an appropriation to the POBC in anticipation of a potential bond issuance. The proposed bonds were to be structured to realize a 90 percent funding level in TRS and to minimize the State's non-employer payments to the retirement system. Projected savings were to be concentrated in the final 8 years of the amortization of the unfunded liability. On February 16, 2016, the Governor's budget was amended and the appropriation to the POBC was eliminated. At this time, it is uncertain whether the POBC will be issuing bonds.

Senate Bill 125 converted PERS to a cost-sharing system, similar to TRS, and shifted to the State more of the cost of funding the UAALs of PERS and TRS. Senate Bill 125 set employer contribution rates at the higher of (i) 22 percent of total payroll for PERS and 12.56 percent of payroll for TRS and (ii) in each case, the rate required to cover the actuarially determined normal cost plus amounts required to be contributed to the DC plans' Retiree Health Care Trusts.

As proposed by the Governor, the 2014 Legislature funded a \$3 billion transfer from the State's CBRF to the PERS and TRS retirement trust funds as part of a plan to manage the ongoing cost of funding the unfunded liabilities. The Legislature directed \$2 billion being transferred to the TRS trust and \$1 billion being transferred to the PERS trust in the fiscal year 2015 capital budget. As part of the agreement for the transfer, the Legislature also approved HB 385 that provides for any excess assets at the termination of the plan be deposited in the General Fund and that the contribution rate for liquidating past service liabilities be based on a level percent of pay method based on amortization of the past service liability for a closed term of 25 years. An additional adjustment in 2014 was provided for in SB 119, which eliminated effective in fiscal year 2015 the two-year lag in actuarial analysis for rate setting. In October 2014, the State's consulting actuary estimated the impact of the one-time contributions and programmatic adjustments to

increase the PERS projected June 30, 2015 funding ratio to 71.8% and the projected 2015 TRS funding ratio to 77.0%. This was updated most recently in the 2021 valuation to a PERS June 30, 2021, funding ratio of 85.5% and a 2021 TRS funding ratio of 92.6%.

The Other Retirement Systems

The Alaska National Guard and Alaska Naval Militia Retirement System. The NGNMRS was established in 1973 and includes members of the Alaska National Guard and members of the Alaska Naval Militia. Members receive voluntary retirement benefits, which do not include healthcare benefits. The total contribution for fiscal year 2021 was \$0. As of June 30, 2021, the roll-forward actuarial valuation reported an actuarial accrued liability of \$23.0 million, actuarial value of assets of \$45.2 million, and excess assets of \$22.3 million. The NGNMRS is funded at 196.9%. It is understood that there will be no contributions to the NGNMRS until such time that it is funded below 100%.

The Judicial Retirement System. The JRS was established in 1963 and provides pension and other post-employment benefits to Supreme Court Justices and Superior, District and Appellate Court judges and the administrative director of the court system. As of the June 30, 2021, roll-forward actuarial valuation, the pension plan was funded at 98.6% and the healthcare plan was funded at 211.4%. The System's funded excess was \$17.0 million and was funded at 107.1%.

The Elected Public Officers Retirement System. The EPORS was enacted as a retirement system for elected State officials who held office between January 1, 1976 and October 14, 1976. As of June 30, 2021, the actuarial accrued liability was \$12.5 million, with an expected annual benefit payment and claims cost of approximately \$1.2 million. No assets are set aside to pay EPORS benefit costs.

State's Supplemental Benefits System

In 1979, State employees elected to withdraw from the Social Security system. The State established a benefit program, effective January 1, 1980, which supplements the existing public employee retirement plans. Participation in the supplemental benefits system is mandatory for each State employee and the 19 other employers participating in the supplemental benefits system. A combined employer/employee contribution of 12.26 percent of wages (one-half contributed by employees up to the wage limit in effect for Social Security in a current year) is deposited into each employee's annuity plan account. Separate contributions are allowed to a cafeteria style supplemental benefit plan to provide death, survivor, disability and health benefits.

As of June 30, 2022, the supplemental benefits system had approximately 50,500 participants. At June 30, 2022, net assets available for system benefits were \$4.4 billion. These assets are held in trust by the State for the exclusive benefit of covered employees and their beneficiaries.

State's Deferred Compensation Plan

The State maintains an optional Deferred Compensation Plan (the "Plan") for the benefit of its employees and participating eligible employers. Participants under the Plan defer receipt of a portion of their salary until termination of State or political subdivision employment. As of June 30, 2022, the Plan had approximately 12,600 participants. As of June 30, 2022, the net assets available for Plan benefits were approximately \$1.1 billion. These assets are held in trust by the State for the exclusive benefit of the covered employees and their beneficiaries.

State's Annual/Personal Leave and Sick Leave

The cost of annual/personal leave and sick leave for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except when an employee's State

service is terminated. In that instance, the accumulated annual/personal leave balance is charged to a terminal leave liability account that is funded by a charge to each agency's operating budget.

INVESTMENT POLICIES

General Fund, Constitutional Budget Reserve Fund and Other Subfunds

By statute, the Commissioner of the Department of Revenue is the fiduciary for many of the State's funds, including the CBRF, General Fund and subfunds within the General Fund, such as the SBRF and the Alaska Capital Income Fund. The Commissioner's responsibilities for these funds include establishing investment policy, providing accounting and custody for the assets and monitoring and reporting the performance and characteristics of the funds and investment options. The Commissioner reviews capital market assumptions and sets an appropriate asset allocation for the General Fund, the CBRF and the other subfunds, consistent with each fund's objectives and constraints.

As of July 1, 2022, the target asset allocation for the General Fund is 15 percent short duration government / credit and 85 percent cash equivalents.

As of July 1, 2022, the CBRF, with a short-term time horizon, has a target asset allocation of 100 percent cash equivalents.

Annually, the Commissioner of the Department of Revenue adopts specific investment policies for each asset class. These investment policies specify asset class characteristics, monitoring requirements and risk controls. The Commissioner may revise the investment policies as market conditions warrant. The State employs industry consultants and a professional staff to assist in monitoring and evaluating investments.

The Permanent Fund

A governor appointed APFC Board of Trustees (the "APFC Board") sets the APFC investment policy. The policy is required to be consistent with the prudent investor rule stated in AS 37.13.120, which provides: "The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital."

At least once each calendar year, the APFC Board reviews its asset allocation policy for the investment of fund assets for the coming year and was last amended on May 18, 2022. On May 21, 2020, the APFC Board adopted changes to the Investment Policy which included a five-year asset allocation plan for each fiscal year from 2021 through 2025. This review is conducted under the guidance of APFC investment staff, with the assistance and advice of the APFC Board's investment consultant. The APFC Board's long-term investment goal is to achieve an average annual real rate of return of five percent at acceptable risk levels (measured by expected volatility).

The APFC Board has created a three-person investment advisory council to provide the APFC Board with independent advice from professionals with significant, direct experience in the management and operation of large investment funds. The role of the members of the investment advisory council is to make recommendations to the APFC Board concerning investment policies, investment strategy and investment procedures; and provide other advice as requested by the APFC Board.

The APFC Board's investment allocation includes multiple asset classes having varying risk and correlation assumptions. The APFC investment policy seeks to optimize expected return versus expected risk. The fund's current target asset allocation as of July 1, 2022 is: 36 percent public equity, 20 percent fixed income, 17 percent private equity, 9 percent private income, 9 percent real estate, 6 percent absolute return, 2 percent cash, and 1 percent other investments. The APFC Board also establishes policies and guidelines for each asset class in which fund assets are invested.

To allow for market fluctuations and to minimize transaction costs, the APFC Board has adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the APFC Board can approve operating for longer than 30 days within a third range (the "red zone").

SPECIAL INVESTOR CONSIDERATIONS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. This discussion is not, and is not intended to be, exhaustive, should be read in conjunction with all other parts of this Official Statement, and should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the appendices, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Revenues of the State

Investment Earnings. Investment earnings are a principal source of unrestricted General Fund revenue for the State. In 2018, the Legislature enacted SB 26, which directs the State to appropriate amounts from the Earnings Reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue. The State has forecasted for fiscal year 2023 that of \$7.226 billion of unrestricted General Fund revenue, \$3.361 billion, or approximately 47 percent, will be derived from transfers from the Permanent Fund Earnings Reserve. See "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and "– Government Funds – *The Alaska Permanent Fund.*" The past performance of such investments cannot be used as a basis to predict future results. The results in subsequent fiscal years will depend upon the state of general economic conditions and market results of investments that may be held by the State from time to time for its investment purposes.

Oil and Gas Revenues. The State's unrestricted General Fund revenue has historically been generated primarily from petroleum production activities. Approximately 80 percent of fiscal year 2018 unrestricted General Fund revenue was generated from petroleum. The State has forecasted for fiscal year 2023 that of \$7,225.8 million of unrestricted General Fund revenue, \$3,380.1 million, or approximately 47 percent, will be derived from unrestricted petroleum revenue.

Many factors affect the ability of the petroleum industry to sustain production in the State, including: future economic conditions; energy prices; technological changes; transportation costs; availability and cost of materials used in processing; availability and affordability of insurance; availability and capability of qualified management and personnel; technical difficulties or supplier interruptions; and seasonality. Energy prices are affected by, among other factors outside the control of the State: the supply and demand for oil and gas and expectations regarding supply and demand; the development of energy production technology, such as hydraulic fracturing; political conditions in other oil-producing countries, including the possibility of insurgency or war in such areas; economic conditions in the United States and

worldwide; governmental regulations and taxation, including regulations on carbon emissions and other greenhouse gases; the impact of energy conservation efforts; the price and availability of alternative fuel sources; weather conditions; the availability of transportation systems and storage; and market uncertainty.

The spread of COVID-19 has had a material adverse effect on the demand for and price of petroleum products. It is anticipated the reduction in demand for and the price of petroleum products will have a negative effect on revenues of the State, and there can be no assurance that oil and gas revenue of the State will not decrease further. See “INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Oil and Gas Revenues.*”

Federal Revenues. The State receives federal revenues for specific purposes that are generally subject to review or audit by grantor agencies. Entitlement to federal revenues is generally conditioned upon compliance with the terms of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State. Reductions in federal funding could result in reduced economic activity and increased State costs. There can be no assurance that federal revenues available to the State will not decrease. See “INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Federal Revenue.*”

Other Factors Affecting the State

Future Economic Conditions. Increased unemployment, adverse economic conditions including the health of the oil and gas industry, volatility in the tourism industry including the summer cruise ship season, changes in demographics, the cost and availability of energy, the inability to control expenses in periods of inflation, and difficulty in increasing revenues while maintaining a competitive economic environment could all affect the finances and operations of the State.

Cybersecurity Risks. The State relies on electronic systems and technologies to conduct its operations. In the past several years, a number of entities have sought to gain unauthorized access to electronic systems of various organizations for the purpose of misappropriating assets or personal, operational, financial, or other sensitive information that can cause operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures as well as more traditional intelligence gathering aimed at obtaining information necessary to gain such access. No assurance can be given that security measures implemented by the State will be able to prevent cyber-attacks on their electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on their finances or operations.

Earthquakes. The State contains many regions of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. A 1964 earthquake with its epicenter in southcentral Alaska measuring 9.2 on the Richter scale was the most powerful earthquake recorded in North American history, and the second most powerful in world history, causing over 130 deaths. Certain soil types and property located in certain areas of the State could become subject to liquefaction and could result in landslides following a major earthquake and any aftershocks. Areas of the State also could experience the effects of a tsunami following a major earthquake. A significant earthquake may disrupt transportation, communication, water and sewer systems, power and fuel delivery for weeks to months throughout certain regions of the State, and could result in significant permanent loss of population and business.

Volcanic Eruptions. The State contains many active volcanoes. A volcanic eruption could result in landslides and releases of gas and ash that can interfere with air travel, a principal mode of transportation in the State.

Wildfires. Areas of the State have experienced drought conditions and increased wildfire activity. Warmer and drier summer conditions increase the risk of wildfires that may threaten the health, economy,

and environment of the State by creating unhealthy air quality levels, threatening infrastructure, businesses, and residences, destroying natural resources, and damaging wildlife habitat.

Climate Change. Climate change poses potential risks to the State and its finances and operations. Extreme weather events can result in droughts, wildfires, floods, and other natural disasters. Climate change may also affect population migration and shifts in economic activities such as agriculture, fishing, and construction of facilities and roads on permafrost and ice. No assurance can be given that climate change will not have a material adverse effect on the finances and operations of the State.

Infectious Disease Outbreak

The financial condition of the State, including the State's ability to collect tax and other sources of revenue, may be materially affected by an international, national or localized outbreak of an infectious disease, such as COVID-19, or other highly contagious or epidemic disease (an "Outbreak").

Tax and other revenue receipts of the State are heavily dependent on financial markets, commodities markets and tourism, all of which may be adversely affected by the continued spread of COVID-19 or by a new Outbreak and any governmental policies related thereto, in each case on an international, domestic or local level. For example, while some governments have lifted travel restrictions, certain restrictions have been reimposed from time to time. In November 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled.

On February 14, 2021, the State's declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

Despite any policies of the State and the existence of governmental aid programs, there can be no assurances that an Outbreak, including COVID-19, will not materially affect the regional economy of the State or the national or global economies and, accordingly, materially adversely affect the receipt of revenues by the State.

Ratings

The lowering, suspension, or withdrawal of either or both of the ratings initially assigned to the Bonds could adversely affect the market price and the market for the Bonds. See "RATINGS."

Early Redemption

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption at a price equal to their principal amount plus accrued interest in the event such Bonds are redeemed prior to maturity. See "THE BONDS – *Redemption of the Bonds.*"

Federal Income Tax Considerations

The exemption of interest on the Bonds from federal income taxes is dependent upon continuing compliance by the State with the requirements of the Code. If there is a failure to continuously comply with the covenants of the Code, interest on the Bonds could become includible for federal income tax purposes in the gross income of the owners thereof, retroactive to the date of issuance of the Bonds. All or a portion

of the interest on the Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax-exempt status of such interest.

If interest on the Bonds becomes so includible in the owners' gross incomes, the effect will be to reduce the yield on an owner's Bonds as a result of the federal and, in certain cases, state and local, income tax liability incurred in connection with the receipt of interest on the Bonds. There is no provision for any adjustment to the interest rate borne by the Bonds in the event of any such loss of tax-exempt status, nor is any provision made for the payment of any penalties or premium in such event. As a result, the owners of the Bonds may be forced to bear the adverse economic consequences of any such loss of tax-exempt status and may not have adequate remedies against the Bond Bank to recover any losses or damages so sustained.

Secondary Market and Prices

It has been the practice of Underwriter to maintain a secondary market in municipal securities they sell, and the Underwriter of the Bonds likely will engage in secondary market trading of the Bonds, subject to applicable securities laws. The Underwriter, however, are not obligated to engage in secondary trading or to repurchase any of the Bonds at the request of the owners thereof. No assurance can be given that a market will exist for the resale of the Bonds. Because of general market conditions or because of adverse history or economic prospects connected with a particular issue or issuer, secondary marketing activity in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. **There can be no guarantee that there will be a secondary market for the Bonds, or if a secondary market exists, that the Bonds can be sold for any particular price.**

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the State, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Bonds, or the existence or powers of the State.

Upon the delivery of the Bonds, the State will furnish a certificate, to the effect that, among other things, there is no litigation pending in any State court to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the validity or enforceability of the Bonds.

At any given time, including the present, there are numerous civil actions filed by or pending against the State, which could positively or negatively impact revenue sources or cash flow. A short description of such material litigation is provided below.

Oil and Gas Tax Litigation

Administrative Litigation: There are a number of disputed tax assessments against oil and gas corporations that are at the administrative level and thus confidential under AS 43.05.230(a). The assessments involve the corporate income tax (AS 43.20) or the oil and gas production tax (AS 43.55). Because the taxpayers, the tax years, and the amounts involved are confidential, a more detailed description of the cases cannot be given. Due to the confidentiality statute and because the disputed tax assessments are ongoing, the State cannot give an estimate of how much is expected to be eventually recovered through settlement, the administrative proceedings, or adjudication. Moneys recovered are required to be transferred to the CBRF.

Environmental Litigation

State of Alaska v. Williams Alaska Petroleum, Inc. et al., Case No. S-17772; 4FA-14-01544CI Consolidated. This case involves litigation over environmental liabilities for the North Pole Refinery, including sulfolane pollution of the North Pole drinking water aquifer. Defendant refinery operator Williams Alaska Petroleum, Inc., asserted counterclaims seeking contribution from the State due to its role of lessor of the property during 27 out of 37 years the refinery operated. The case went to trial in October 2019. On January 3, 2020, the court issued a memorandum decision in favor of the State and denying Williams' counterclaims. Williams filed an appeal to the Supreme Court, oral argument was held in December 2021, and the case is awaiting decision by the Supreme Court.

Barbara Gaston v. State of Alaska, 3AN-19-08301CI. This class action suit alleges that the DOTPF's use of firefighting foams that contain per- and polyfluoroalkyls ("PFAS") at some public use airports caused soil and groundwater contamination on private property surrounding the airports. The suit seeks to certify a class that consists of the landowners whose property has been affected, and it seeks damages for the class including property damages (e.g., diminution in value, remediation, alternative water, etc.) and medical monitoring costs. In addition, *Saracco v. State of Alaska* (1JU-20-00758 CI) is a single property case arising out of the DOTPF's sale of a fire-fighting vehicle containing firefighting foams to the City of Gustavus, which discharged the foam when responding to a brush fire. At this time, both the Gaston and Saracco cases, along with the *State of Alaska v. 3M Company* (4FA-21-01451 CI) (State's Plaintiff litigation) have been removed to the PFAS Multi-District Litigation proceeding in South Carolina. At present the Multi-District Litigation proceedings are focused on resolving the government contractor defense that has been asserted by various chemical manufacturers and distributors. Briefing and arguments on that issue have been completed, with a decision expected sometime in May 2023. In the meanwhile, preparations are ongoing for several "bellwether" cases that may be ready for trial later this summer. There has been little activity of note in the Gaston and Saracco cases, but initial document production has begun in the State's Plaintiff's case, and is expected to continue over the next two months.

Tort Claims

The Attorney General's Office is involved in defending numerous tort claims asserted against the State and agencies. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Medicaid Payment Rate Appeals

The Attorney General's Office is involved in defending numerous Medicaid payment rate appeals filed by providers. No estimate can be given as to the likelihood or financial effect on the outcome of such appeals.

Employment Claims

The Attorney General's Office is involved in defending numerous employment-related claims filed by present or former employees. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Tobacco Company Litigation

In 1998, Alaska was among 46 states that entered into a settlement of claims against the nation's major tobacco companies. The companies agreed to pay \$4.5 billion in 2000 with annual increases until payments reach \$9 billion in 2019 and each year thereafter. The State's share, based upon its proportionate tobacco consumption, is about .034 percent of the yearly payment. This income stream is indefinite as long as Americans continue to consume tobacco products.

The Legislature authorized the State to sell to the AHFC 80 percent of the State's annual settlement income. AHFC's purchase was financed through the issuance of revenue bonds by the Northern Tobacco Securitization Corporation (the "NTSC"), a subsidiary the AHFC established and to which the right to receive 80 percent of the settlement revenues was transferred. In 2006, NTSC issued additional revenue bonds to refinance its purchase of the State's annual settlement income. The NTSC is using the income stream to pay debt service on the bonds. When the bonds are paid, the settlement income reverts to the State. The State used the bond proceeds to pay for a variety of construction and maintenance projects including rural schools, ports and harbors.

The master settlement agreement provides for a payment adjustment mechanism that, when triggered, could result in the impairment of the State's right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. This payment adjustment mechanism has been triggered for the years 2003-2010. States that have diligently enforced their qualifying statute are exempted from the application of this adjustment mechanism. In July 2010, an arbitration commenced regarding which states "diligently enforced" their qualifying statutes in 2003. During that arbitration, Alaska and 15 other states/territories received notice that the participating manufacturers (tobacco companies that joined the master settlement agreement) no longer contested their diligence, rendering those states exempt from the 2003 adjustment. In 2018, the participating manufacturers entered into a settlement agreement that exempted the State from adjustments for the years 2004 through 2017. An additional provision of the settlement agreement was triggered in March 2020 that exempted the State from adjustments for the years 2018 and 2019. Subsequently, the State and participating manufacturers extended the settlement agreement exempting the State from adjustments to include sales years 2020 through 2022. The State continues to monitor and participate in the enforcement of the master settlement agreement.

Opioid Litigation

The State filed three lawsuits against opioid manufacturers and distributors alleging deceptive advertising by the manufacturers and failure by the distributors to properly monitor drug orders to identify likely diversion. See *Alaska v. Purdue Pharma et al.* (3AN-17-09966CI); *Alaska v. Mallinckrodt et al* (3AN-19-04861CI); *Alaska v. McKesson, Cardinal, and Amerisourcebergen* (3AN-18-10023CI). Three of the lawsuits have been consolidated. Purdue and Mallinckrodt filed for bankruptcy and the State's claims against them are stayed during the bankruptcy proceedings. The State expects to participate in the settlement of state claims that is part of the bankruptcy. A separate settlement with distributors has been negotiated and the State has agreed to sign on to that settlement. The State has begun to receive the first payments.

The State filed a fourth opioid lawsuit in 2021 against generic drug manufacturers Teva & Allergan. *Alaska v. Teva & Allergan*, (3AN-21-05217CI). The claims against Teva and Allergan are similar to those made against Purdue and Mallinckrodt. The defendants filed a motion to dismiss, but the Court denied the motion with respect to most defendants, and allowed discovery on the issue of personal jurisdiction over Teva, Ltd. A multistate group has negotiated a settlement with Teva and Allergan, which the State has agreed to join the settlement. The settlement will not be final until Teva and Allergan agree that a sufficient number of political subdivisions join the settlement in the coming months.

The State filed suit in June 2022, against a number of Chain Pharmacies, including Walgreens, Walmart, Albertsons, Kroger, Fred Meyer, and Carrs Safeway, alleging that the pharmacies failed to recognize and refuse to fill opioid prescriptions that showed all the signs of diversion of drugs. *State v. Walgreens, et al.* (3AN-22-06675CI). The defendants have accepted service and agreed to a briefing schedule for motions to dismiss or answers. A multistate group has negotiated settlement agreements with Walgreens and Walmart, which are defendants in this litigation, and with CVS, which Alaska has not sued. The State has agreed to all of these settlements. The settlements will not be final until the pharmacies agree that a sufficient number of political subdivisions join the settlements in the coming months.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Committee. The proposed form of the Bond Counsel's opinion is attached as Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Office of the Attorney General will issue a certificate to the effect that no litigation is pending that challenges the issuance of the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Bond Counsel is also of the opinion, based on existing laws of the State of Alaska, that interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth as Appendix C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriter, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The State has

made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the State or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number

(“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Not Qualified Tax-Exempt Obligations

The State has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Code.

VERIFICATION OF SUFFICIENCY

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the State relating to (a) computation of the redemption price of the Refunded Bonds plus the accrued interest thereon until the date of redemption, and (b) sufficiency of the proceeds from the Bonds to be applied to the redemption of the Refunded Bonds was verified by _____. Such computations were based solely upon assumptions and information supplied by the Underwriter on behalf of the State. _____, has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the State, that are not purely historical, are forward-looking statements, including statements regarding the State’s expectations, hopes, intentions, forecasts or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the State on the date hereof, and the State assumes no obligation to update any such forward-looking statements. The State’s actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible changes in underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the State. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned the Bonds ratings of “___” with a _____ Outlook and “___” with a _____ Outlook respectively, based on

their research and investigation of the State. Moody's and S&P are collectively referred to as the "Rating Agencies." The State furnished each of the Rating Agencies with certain information and materials concerning the Bonds and the State. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same.

Generally, each of the Rating Agencies bases its ratings on such information and materials and also on investigations, studies, and assumptions that it may undertake independently. The ratings assigned by Moody's and S&P express only the views of the Rating Agencies. An explanation of the significance of the ratings may be obtained from Moody's and S&P, respectively. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. of Anchorage, Alaska (the "Financial Advisor") serves as independent financial advisor to the State in connection with various matters relating to the planning, structuring, execution and delivery of the Bonds. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State. No guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The Bonds are to be purchased from the State at an aggregate purchase price of \$ _____ (the principal amount of the Bonds, plus net issue premium of \$ _____, less Underwriter's discount of \$ _____); subject to the terms of a bond purchase agreement (the "Purchase Agreement") between the State and Goldman Sachs & Co., LLC (the "Underwriter"). The Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased and that the obligation of the Underwriter to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriter without prior notice to any person. The Underwriter may offer and sell the Bonds to certain dealers, unit investment trusts, or money market funds at prices lower than the initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement.

The Underwriter and their affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and their affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and their affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the State. The Underwriter and their affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

CONTINUING DISCLOSURE

Annual audited financial statements of the State will be available upon request from the Department of Revenue. The State has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the “Annual Disclosure Report”) within seven months after the end of each fiscal year, commencing January 31, 2024 for the Annual Disclosure Report for the fiscal year ending June 30, 2023, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of certain events is set forth in Appendix D hereto. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”).

The State of Alaska has not yet released its ACFR for Fiscal Year 2022. The State anticipates that the ACFR may be released and that the annual reports may be filed after the date of the Official Statement.

A failure by the State to comply with the undertaking pursuant to the Rule will not constitute a default under the Resolution. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds or their market price.

The State has developed procedures to help its compliance with its continuing disclosure obligations in all material respects. Although there have been instances of technical deficiencies with its previous undertakings, the State has established appropriate written policies and procedures, including trainings and identifying a designated point of contact to help facilitate future compliance with Rule 15c2-12.

MISCELLANEOUS

The Bonds qualify as collateral for State funds deposited by the Department of Revenue.

The purpose of this Official Statement is to supply information to prospective purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements as to their provisions. This Official Statement is not intended to be a contract or agreement between the State and the purchasers and owners of the Bonds. This Official Statement may not be reproduced or used, in whole or in part, for any purpose other than in connection with the issuance and sale of the Bonds.

All data contained herein, including the appendices hereto, have been taken from State records unless attributed to a specific source. Insofar as any statements contained in this Official Statement involve matters of estimates, projections, forecasts or matters of opinion, whether or not expressly stated, they are set forth as such and are not to be construed as representations of fact.

The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

PRELIMINARY OFFICIAL STATEMENT

The State has deemed this Preliminary Official Statement pursuant to SEC Rule 15c2-12 as final as of its date except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, ratings, and other terms of the Bonds

depending on such matters.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been authorized by the State.

STATE OF ALASKA

By _____
Ryan S. Williams
Debt Manager,
State of Alaska
For the State Bond Committee

APPENDIX A

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE

INFORMATION CONCERNING THE STATE OF ALASKA AND THE STATE'S ECONOMY

The information concerning the State of Alaska (“Alaska” or the “State”) set forth in this Appendix is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources that the State believes to be reliable but is not guaranteed as to accuracy.

The outbreak of the 2019 novel coronavirus (“COVID-19”) is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures implemented in response to COVID-19 have had and are expected to continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the possible effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of the possible further negative impact from the COVID-19 outbreak. On December 15, 2022, the Department of Revenue’s Tax Division issued its Fall 2022 Revenue Sources Book and Forecast (the “Fall 2022 Revenue Forecast” or “Fall 2022 Revenue Sources Book”), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Fall 2022 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 see “INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19” and “SPECIAL INVESTOR CONSIDERATIONS – Infectious Disease Outbreak.”

State of Alaska

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.2 percent of the State’s total nonfarm employment is derived from government (including federal, state, and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.7 percent, trade, transportation, and utilities, making up 20.0 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment. The State’s major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2022 Annual Average).

Population

Alaska’s Statewide population of 736,556 (2022 estimate) has increased in each of the last three calendar years; however, the State’s population remains below the recent peak of an estimated 739,649 residents in July 2016.

The following table summarizes the State’s population since 2013, as well as the estimated population in each of the State’s regions.

Population of Alaska by Region, 2013-2022

Area Name	Estimate July 2013	Estimate July 2014	Estimate April 2015	Estimate July 2016	Estimate July 2017	Estimate July 2018	Estimate July 2019	Census Estimate July 2020	Estimate July 2021	Estimate July 2022
Alaska	736,077	736,416	736,989	739,649	737,783	734,055	731,007	733,391	736,105	736,556
Anchorage / Mat-Su Region	396,899	398,151	398,597	401,582	402,110	399,902	398,283	398,328	399,496	401,562
Gulf Coast Region	80,495	80,785	80,937	81,062	80,763	80,806	80,866	81,619	81,700	82,481
Interior Region	114,552	113,019	112,888	113,235	112,020	110,904	109,847	109,425	111,552	110,588
Northern Region	27,545	27,486	27,783	27,780	27,716	27,627	27,432	28,870	28,342	27,774
Southeast Region	74,319	74,437	74,278	73,742	72,941	72,657	72,373	72,286	72,683	72,218
Southwest Region	42,267	42,538	42,506	42,248	42,233	42,159	42,206	42,863	42,332	41,933

Source: US Census Bureau for 2020 Census Estimate, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2013 through 2019 and 2021 through 2022 Estimate.

Income

In 2020, Alaska had a per capita personal income of \$64,780, an increase from the 2010 per capita personal income of \$45,529. For 2020, Pandemic relief programs also increased Alaska's per capita income, which is total personal income divided by the number of residents. It rose from \$62,629 per person in 2019 to \$64,780 in 2020.¹

In 2018, consumer prices increased 3 percent, which was the highest inflation rate in five years and the first time in three years that Alaska's costs increased faster than the U.S. One of the largest contributors to the 2018 increase was medical care, which tends to run higher than the overall index. In 2019, the average inflation rate for Alaska (revised to CPI for Urban Alaska, formerly Municipality of Anchorage) was 1.4 percent. In 2020, the average inflation rate for Alaska was -1.1%, falling for the first time since at least 1961 as demand for many goods and services were impacted by the COVID-19 pandemic, and potentially the State's first year of deflation. In 2021, the average inflation rate for Urban Alaska was 4.9%, the highest annual price increase since 1990, compared to the U.S. city average of 4.7 percent.²

The cost of living in Alaska remains significantly higher than the national average. According to the first quarter 2022 index for professional households, comparing cities' costs to the U.S. average, the cost of living in Anchorage, Fairbanks, and Juneau, in comparison to the total index is approximately 130.1, 124.4, and 127.5 percent, respectively, more expensive than the average index of the U.S.³

Employment

Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted, preliminary) for Alaska for November 2022 was 4.5 percent, as compared to a national unemployment rate for the same period of approximately 3.7 percent.⁴

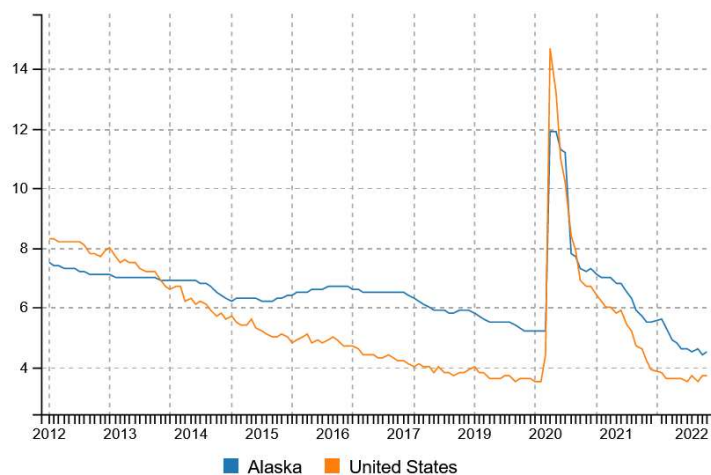
¹ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, April 2021.

² Alaska Department of Labor and Workforce Development and US Bureau of Labor Statistics.

³ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2022.

⁴ Alaska Department of Labor and Workforce Development and US Bureau of Labor Statistics.

**Seasonally Adjusted Unemployment Rates Alaska and the U.S.
January 2012 to November 2022**



The largest employment sector in Alaska is Government comprised of federal, State and local government employees. Government employment on average for calendar year 2022 was 77,000. The largest non-government sector of employment was Trade, Transportation and Utilities with 63,800. The table below provides a summary of the employment of the Alaska labor force by industry.

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Statewide Jobs, by industry – Annual Average, 2021 and 2022

	<u>2021¹</u>	<u>2022¹</u>	<u>Change (2021-2022)</u>
Total Nonfarm ²	310,200	318,500	2.7%
Mining and Logging	10,500	10,900	3.8%
Oil and Gas	6,700	7,000	4.5%
Construction	15,900	16,300	2.5%
Manufacturing	12,200	12,400	1.6%
Trade, Transportation, Utilities	61,000	63,800	4.6%
Wholesale Trade	6,200	6,200	0.0%
Retail Trade	34,300	34,900	1.7%
Transportation, Warehousing and Utilities	20,500	22,700	10.7%
Information	4,800	4,800	0.0%
Financial Activities	10,800	11,000	1.9%
Professional and Business Services	26,400	27,100	2.7%
Educational and Health Services	50,500	49,900	-1.2%
Health Care	38,900	38,700	-0.5%
Leisure and Hospitality	30,400	34,300	12.8%
Other Services	10,400	10,900	4.8%
Government	77,200	77,000	-0.3%
Federal, except military	15,100	14,900	-1.3%
State, incl. University of Alaska	22,600	22,000	-2.7%
Local and Tribal, incl. public schools	39,500	40,100	1.5%

1 Preliminary and adjusted estimates.

2 Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

Federal Spending

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

According to Pew Trusts, in federal fiscal year 2019, federal spending in Alaska comprised 42.7 percent of total State revenue, with 20.5 percent from taxes, 8.3 percent from service charges, 0.1 percent from local sources, and 28.5 percent from miscellaneous sources.

Oil and Gas¹

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (January 2020), the primary oil and gas companies employed 4,111 Alaska residents earning \$983 million in wages in 2018. Alaska residents represent 84 percent of primary company total hire in Alaska. Based on the 2020 report, and wage and salary data from the Alaska Department of Labor and Workforce Development, the oil and gas industry taxes and royalty accounts for 24 percent of all State revenue.

¹ McDowell Group, Inc. (January 2020). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from <https://www.mcdowellgroup.net/wp-content/uploads/2020/01/mcdowell-group-aoga-report-final-1-24-2020.pdf>

Government¹

Government was responsible for 77,000 jobs on average in calendar year 2022, almost a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government employment has remained stable from 2013 to 2022. Local government administrations and school districts represent the largest employers of that sector and accounted for approximately 12.6 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 6.9 percent of total nonfarm employment.

Federal government was responsible for 14,900 jobs on average in calendar year 2022, representing approximately 4.7 percent of total nonfarm employment.

Health Care²

Health care employed approximately 38,700 people on average in 2022. In 2017, health care practitioners and technicians made an average wage of \$98,020 in Alaska, making Alaska the highest paying state for these jobs overall, followed by Hawaii and California. The national health care wage average was \$80,760.

The growing population of elderly Alaskans increased demand for services. Although only 7.7 percent of Alaskans are over 65 compared to the nation's 13 percent, the 65-plus group grew by 54 percent between 2000 and 2010, compared to 13 percent nationally. As the industry expanded and more health care choices emerged, more of Alaska's health care spending remained in-State. In 1990, health care accounted for 4 percent of Alaska's wage and salary employment versus 7 percent for the nation. By 2010, that difference narrowed to 9.3 percent for Alaska and 10.6 percent nationwide.

Fisheries

Approximately 5.7 billion pounds of seafood worth \$2.0 billion was harvested on average in 2019. Processors turned this harvest into 2.8 billion pounds of product worth \$4.7 billion. Alaska produces approximately two-thirds of the nation's seafood harvest in a typical year and is home to nine of the top twenty U.S. fishing ports by value and eight of the top twenty by volume.³

In 2019, Alaska seafood was sold in 100 countries around the world. Export markets typically account for approximately two-thirds of sales value, while the U.S. market accounts for the remaining one-third. Just under one million metric tons, or 2.2 billion pounds, of Alaska seafood was exported in 2019, bringing an estimated \$3 billion in new money from foreign buyers into the U.S. economy.³

Salmon is the most valuable commercial species, making up 37 percent of first wholesale value, with Alaskan Pollock second making up 35 percent of first wholesale value.³

Alaska's seafood was harvested, and processed, by 160 shore-based processing facilities, 52 catcher-processors, approximately 30 floating processors, and various other participants in 2019. This subsector employed 20,244 workers at peak monthly employment, and 9,095 workers on average annually. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 70 percent of all manufacturing employment in Alaska.³

¹ Alaska Department of Labor and Workforce Development, Research and Analysis Section.

² Alaska Department of Labor and Workforce Development.

³ Economic Value of the Alaska Seafood Industry, McKinley Research. January 2022, retrieved from https://www.alaskaseafood.org/wp-content/uploads/MRG_ASMI-Economic-Impacts-Report_final.pdf.

In 2019, the top ports ranked by value in Alaska were Naknek ranked first (\$289 million), Dutch Harbor ranked second (\$190 million), Aleutian Islands ranked third (\$142 million), Kodiak ranked fourth (\$120 million), Alaska Peninsula ranked fifth (\$75 million).

The effects of COVID-19 have impacted Alaska's fishing and seafood industry within the State through diminishing participation in all related seafood industry subsectors including harvesters, processors, and stalled demand from the foodservice sector as restaurants were closed. The nature of the impact to Alaska's fishing and seafood industry is likely to evolve over the next several years.

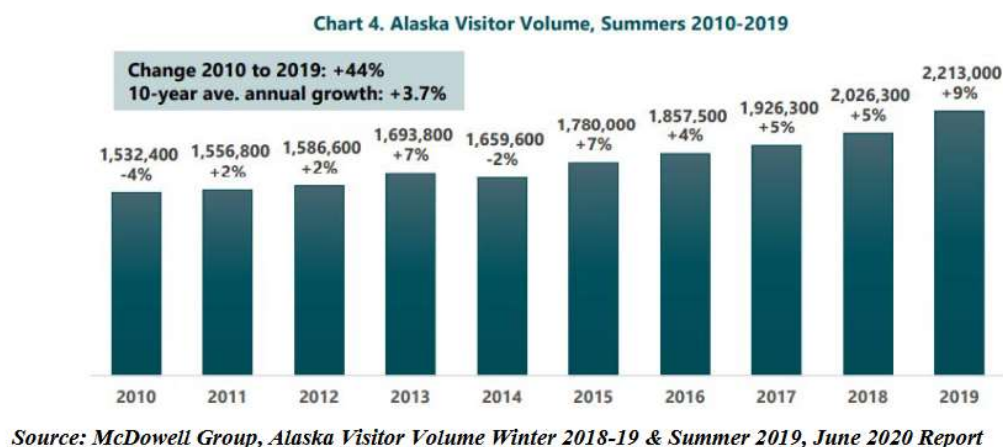
Mining

Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, as well as construction minerals such as sand, gravel, and rock. Alaska's seven largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Gil Satellite Ore, Pogo, and Kensington, and provided nearly 5,400 full-time jobs of the nearly 10,900 direct and indirect jobs attributed to the mining industry in Alaska in calendar year 2022. The export value of Alaska's primary produced metals was \$2.1 billion, or 35% of Alaska's total exports in 2021¹.

Tourism²

The Alaska Summer 2019 visitor volume of 2,213,000 was the fifth consecutive summer of growth, at that time, and the largest single year growth in the last decade. By transportation market for Summer 2019, 60.2 percent traveled by cruise ship, 35.7 percent were air visitors, and 4.1 percent were highway / ferry visitors. The following chart shows Summer visitor volume for the 2010-2019 seasons.

The effects of COVID-19 have impacted tourism activity within the State and have largely diminished, and in some cases prohibited, certain modes of travel (for example, large cruise vessels) to and from the State during calendar year 2020, and the nature of the impact is likely to evolve over the next several years.



Retail³

A number of new chain and homegrown retailers opened in Alaska during the past two decades.

¹ The Economic Benefits of Alaska's Mining Industry, McKinley Research Group report for the Alaska Miners Association. 2021.

² McDowell Group, Inc. report for ATIA on Alaska's Visitors Volume, Winter 2018-19 and Summer 2019.

³ Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

Since 2000, the following retailers opened stores in the State: Kohl's, Walmart, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 34,900 jobs on average in Alaska in 2022.

Transportation¹

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although the State is the largest state in terms of area, it has the fifth-lowest road mileage in the U.S. The primary reasons for the low road miles in the State are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of the State and the rest of the world, through waterways or airports, rather than roads.

Most goods shipped to and from the State move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U.S. to the State generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in the State, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in the State, air transportation is critical for the State's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number four cargo airport in the world by Airports Council International in calendar year 2021. In fiscal year 2021, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 34,719,317, a level that has not been breached since 2000. In fiscal year 2021, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 3.00 million, as compared to 5.69 million in 2019 (last full year prior to COVID-19).²

The State's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to the State's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of the State's transportation system and the service it provides is part of the National Highway System. AMHS serves the State ports by transporting passengers and vehicles between coastal communities. This service helps meet the social, educational, health and economic needs of Alaskans.

The Alaska Railroad operates a total of 656 miles of railway miles in the State, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad plays an important economic role. In 2021, the Alaska Railroad carried 2.5 million tons of freight and 200,381 passengers. As of 2021, the railroad employed 609 year-round employees, and approximately 120 additional employees are hired for additional summer activity.³

¹ Alaska State Transportation Plan, adopted February 29, 2008.

² Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.

³ Alaska Railroad Corporation, https://www.alaskarailroad.com/sites/default/files/Communications/2022_FCTSHT_ARRC_Quick_Facts_or.pdf

APPENDIX B

STATE OF ALASKA “GENERAL PURPOSE FINANCIAL STATEMENTS” FROM THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, Fiscal Year Ended June 30, 2022

The annual financial report for the State contained in Appendix B hereto is historical information that presents the State’s financial position as of June 30, 2022. This report reflects historical performance. The financial performance of the State reflected in such report cannot be relied upon as a reliable indicator of subsequent performance. Historical trends cannot be used to anticipate results or trends in future periods.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX E

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the State or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

STATE BOND COMMITTEE

RESOLUTION NO. 2024-02

A Resolution of the State Bond Committee of the State of Alaska relating to and approving the issuance and sale by the Alaska Housing Finance Corporation of not to exceed \$75,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds (Veterans Mortgage Program).

WHEREAS, Ch. 134, SLA 1986 (the “1986 Act”) authorizes the unconditional guaranty by the State of Alaska (the “State”) of the principal of and the interest on not more than \$600,000,000 of revenue bonds of the Alaska Housing Finance Corporation (the “Corporation”) to provide money for the purchase by the Corporation of mortgages made for qualifying veterans; and

WHEREAS, as required by the 1986 Act and by Article IX, Section 8 of the State Constitution, the unconditional guaranty of bonds issued under the authorization granted by the 1986 Act as a general obligation of the State was approved by a majority of the qualified voters voting at a general election held on November 4, 1986; and

WHEREAS, Ch. 46, SLA 2010 (the “2010 Act”) authorizes the unconditional guaranty by the State of the principal of and the interest on not more than \$600,000,000 (the “2010 Act Authorization”) of revenue bonds of the Corporation to provide money for the purchase by the Corporation of mortgages made for qualifying veterans; and

WHEREAS, as required by the 2010 Act and by Article IX, Section 8 of the State Constitution, the unconditional guaranty of such bonds as a general obligation of the State was approved by a majority of the qualified voters voting at a general election held on November 2, 2010; and

WHEREAS, as provided in AS 18.56.110, the Corporation has requested the State Bond Committee (the “Committee”) to approve the issuance by the Corporation of not to exceed \$75,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds (Veterans Mortgage Program), in one or more series, for the purpose of purchasing mortgages made for qualifying veterans (the “2024 Bonds”); and

WHEREAS, AS 18.56.110(d) requires the Corporation to sell State guaranteed bonds, including the 2024 Bonds, at public sale in amounts and at times approved by the Committee, on terms fixed under a notice of sale (the “Notice of Sale”); and

WHEREAS, the Corporation will prepare a preliminary official statement and a notice of sale (together, the “Preliminary Official Statement”) with respect to the 2024 Bonds in connection with the public sale of the 2024 Bonds and will prepare a final official statement (the “Official Statement”) for delivery to initial purchasers of the 2024 Bonds, which Preliminary Official Statement and Official Statement will include information about the State; and

WHEREAS, the State will be required to execute a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) to evidence the State’s obligation to provide certain continuing disclosure information;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOND COMMITTEE OF THE STATE OF ALASKA, as follows:

Section 1. Authorization of the 2024 Bonds. The issuance by the Corporation of not to exceed \$75,000,000 aggregate principal amount of 2024 Bonds to purchase mortgages made for qualifying veterans is hereby approved. The 2024 Bonds when issued by the Corporation in accordance herewith will be guaranteed as to principal and interest by the State, and the full faith, credit and resources of the State will be pledged to the payment thereof. The 2024 Bonds shall be sold by the Corporation at public sale no later than August 22, 2024, and with the terms to be fixed under the Notice of Sale.

Section 2. Disclosure. The Committee hereby designates the Debt Manager of the Department of Revenue and the Secretary of the Committee to act on its behalf as the Designated Representative. The Committee hereby authorizes the Designated Representative to review and approve, on behalf of the State, the information about the State to be included in the Preliminary Official Statement and the Official Statement for the 2024 Bonds. The Designated Representative is hereby further authorized to execute and deliver certificates to appropriate parties regarding such disclosure information.

The Committee hereby authorizes the Designated Representative and all other appropriate State officials to execute a continuing disclosure certificate and any and all other documents required to be executed on behalf of the State in connection with the sale and issuance of the 2024 Bonds.

Section 3. Effective Date. This resolution shall become effective upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, this
26th day of March, 2024.

STATE OF ALASKA
STATE BOND COMMITTEE

JULIE SANDE

Commissioner, Department of Commerce,
Community, and Economic Development
Chair and Member
Alaska State Bond Committee

ADAM CRUM

Commissioner, Department of Revenue
Secretary and Member
Alaska State Bond Committee

PAULA VRANA

Commissioner, Department of Administration
Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

CERTIFICATE

I, the undersigned, Secretary of the State Bond Committee of the State of Alaska (the “State”), and keeper of the records of the State Bond Committee (the “Committee”), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. 2024-02 of the Committee (the “Resolution”), duly passed at a meeting thereof held on March 26, 2024.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of March, 2024.

Secretary

CERTIFICATE

I, RYAN WILLIAMS, on behalf of the State of Alaska (the “State”) Bond Committee and keeper of the records of the State Bond Committee (the “Committee”), DO HEREBY CERTIFY:

1. The attached resolution is a true and correct copy of Resolution No. 2024-02 of the Committee (the “Resolution”), duly adopted and executed at a meeting thereof held on the 26th day of March, 2024.

2. Such meeting was duly convened and held in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; a legal quorum was present throughout the meeting and a legally sufficient number of members of the Committee voted in the proper manner for the adoption of the Resolution; all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and I am authorized to execute this certificate.

3. The Resolution remains in full force and effect and has not been amended, modified, superseded or repealed since March 26, 2024.

Dated: _____, 2024

Ryan Williams
State Debt Manager,
Department of Revenue,
on behalf of the
State Bond Committee

APPENDIX A

INFORMATION CONCERNING THE STATE OF ALASKA

The information concerning the State of Alaska (“Alaska” or the “State”) set forth in this Appendix is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources that the State believes to be reliable but is not guaranteed as to accuracy.

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State’s population grew each year and increased approximately 8.2 percent between fiscal year 2008 and fiscal year 2016; however, since 2016 the population has contracted by approximately 0.8 percent with a population estimate of 736,812 (2023 estimate, Alaska Department of Labor and Workforce Development, Research & Analysis Section). The State’s fiscal year is July 1 to June 30.

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State’s revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and investment income on securities in funds owned by the State.

State Government

Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the “Statehood Act”). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

Alaska government has three branches: legislative, executive, and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40 (the “Legislature”). The executive power of the State is vested in the Governor. The judicial power of the State is vested in a supreme court, a superior court, and the courts established by the Legislature. The jurisdiction of courts and judicial districts is prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides or funds a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

There are 19 organized boroughs in Alaska and 145 cities, 49 of which are located within an organized borough and 96 of which are located within the unorganized borough. Of these, 15 boroughs and 21 cities impose property taxes and 9 boroughs and 94 cities impose general sales taxes.

State Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of designated and unrestricted non-investment General Fund revenue in fiscal year 2023. Grants, contributions, and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.0 percent of the State's total nonfarm employment is derived from government (including federal, state, and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.7 percent, trade, transportation, and utilities, making up 20.0 percent and the leisure and hospitality industry, making up 10.9 percent of total nonfarm employment. The State's unemployment rate in January 2024 was 5.2 percent (not seasonally adjusted), according to the U.S. Department of Labor, Bureau of Labor Statistics. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Preliminary and adjusted estimates; 2023 Annual Average).

The Department of Revenue – Tax Division (the “Tax Division”) produces a semi-annual revenue sources book. The revenue sources book published each fall is the comprehensive annual forecast released in December, and the revenue forecast published in the spring is an annual, partial update of the revenue sources book published in the preceding fall. The most recent revenue forecast comes from the Spring 2024 Revenue Sources Book and Forecast, released by the Tax Division on March 13, 2024 (the “Spring 2024 Revenue Forecast”). The next forecast update, the Fall 2024 Revenue Sources Book and Forecast (the “Fall 2024 Revenue Forecast”), is anticipated to be released in December 2024.

The Spring 2024 Revenue Forecast reflects a modest increase in expected unrestricted General Fund revenue, for fiscal year (“FY”) 2024 and FY 2025, compared to the Fall 2023 Revenue Sources Book and Forecast, released by the Tax Division on December 14, 2023. The modest increases contained in the forecast are largely a function of the Alaska North Slope (“ANS”) oil price forecast increasing by \$1.69 and \$2.00 per barrel for FY 2024 and FY 2025, respectively. Additionally, the ANS oil production forecast has been decreased by 2,800 and increased by 13,100 barrels per day for FY 2024 and FY 2025, respectively. The Spring 2024 Revenue Forecast for federal revenue is based on the most recent available information as of March 1, 2024, and includes estimates of potential revenue from the Infrastructure Investment and Jobs Act (“IIJA”).

The CARES Act, passed by the 116th U.S. Congress in March 2020, established a \$150 billion Coronavirus Relief Fund to, among other things, provide financial assistance to states. The State has received its approximately \$1.25 billion allocation from the Coronavirus Relief Fund, which can be used to cover COVID-19 related expenses. The CARES Act limits the State's use of funds from the Coronavirus Relief Fund to COVID-19 expense reimbursement rather than to offset anticipated state tax revenue losses. A unique provision specific to just over \$1 billion of the federal relief funds allowed the State to appropriate a portion of the funding to replace revenue lost due to COVID-19. This provision functionally allowed these funds to be appropriated toward any public purpose, just like unrestricted General Fund revenue. In the fiscal year 2022 and fiscal year 2023 budgets, a total of approximately \$750 million was appropriated as unrestricted revenue replacement, and in some reports produced by the State's Office of Management and Budget (“OMB”) and Legislative Finance Division, these funds are depicted as unrestricted revenue for illustrative purposes. However, in the Fall 2022 Revenue Forecast, all federal funds are shown as restricted revenue in all years.

The IIJA, passed by Congress in November 2021, included \$550 billion in new investments for transportation, water, power and energy, environmental remediation, broadband and cybersecurity, carbon reduction, and resilience. The legislation targets disadvantaged communities, of which most of Alaska is designated. It was originally estimated that State, local governments, tribes, and other organizations in the State could receive a total of nearly \$5 billion in funding over fiscal years 2023-2027 as a result of the legislation, some of which would represent overall increases to state revenue from federal funding. However, as of November 30, 2023, the total state revenue, including overall increases and discretionary grants, is \$5.4 billion. These include \$1 billion for a new Broadband Equity, Access, and Deployment Program; \$136 million for the Clean Water State Revolving and Drinking Water State Revolving Funds; and \$53 million for the Alaska Energy Authority's State Energy Program, Energy Efficiency and Revolving Loan Fund, Energy Efficiency and Conservation, and Weatherization Assistance Program. The Department of Transportation & Public Facilities also received \$165 million for airport terminal upgrades and increased airport safety, and \$239 million for ferry service for rural communities.

The State also received funding for the Carbon Reduction Program, Restoring Fish Passage Program, Abandoned Mine Reclamation Fund, Port Infrastructure Development Program, Emerging Contaminants in Small or Disadvantaged Communities Grant Program, and Community Wildfire Defense Grant Program. The State, local governments, tribes, and other entities are regularly partnering on applications for discretionary IIJA funding grants. Award announcements are made on a rolling basis. There can be no assurance that federal revenues available to the State will not decrease and is subject to amendment or repeal.

Historic information in this Official Statement about the finances and operations of the State, that predates the outbreak of COVID-19 should be considered in light of the possible or probable negative effects the COVID-19 outbreak may have on the current and future finances and operations thereof. The Spring 2024 Revenue Forecast and any other budget, outlook, and projection information and all other forward-looking statements in this Official Statement are based on current expectations and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

Historically, petroleum-related revenue has been the largest source of unrestricted revenue for the General Fund. In fiscal year 2018 approximately 80 percent of total unrestricted General Fund revenue was generated from oil production. In 2018, the Legislature enacted Senate Bill 26 ("SB 26"), which directs the State to appropriate amounts from the earnings reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to approximately 38 percent in fiscal year 2019, 24 percent in fiscal year 2020, 25 percent in fiscal year 2021, 50 percent in fiscal year 2022, and 44 percent in fiscal year 2023. In the Spring 2024 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 37 percent in fiscal year 2024 and 34 percent in fiscal year 2025.

In fiscal year 2019, pursuant to SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. SB 26 adjusted the transfers from the Permanent Fund Earnings Reserve to an amount determined by taking 5.25 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfers from the Permanent Fund Earnings Reserve was reduced to 5.00 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in "Government Funds – The Alaska Permanent Fund," this calculation does not include the principal attributable to the settlement of State v. Amerada Hess. The Alaska Permanent Fund Corporation

(“APFC”), which manages the Permanent Fund, projects these annual transfers to the General Fund as unrestricted revenue in their unaudited monthly history and projections report, as reflected in Table 2. The Permanent Fund Earnings Reserve transferred approximately \$3.4 billion to General Fund revenue in fiscal year 2023 and is expected to transfer approximately \$3.5 billion and \$3.7 billion to General Revenue in fiscal years 2024 and 2025, respectively. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. The Permanent Fund Dividend amount, paid in calendar year 2022, was \$3,284 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2023, was \$1,312 per qualified resident.

The Alaska Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation-proofing. The principal portion of the Permanent Fund, which was approximately \$68.7 billion as of February 29, 2024, unaudited, may not be spent without amending the State Constitution. The earnings reserve, approximately \$9.3 billion as of February 29, 2024, unaudited (subsequent to June 30, 2023, this amount includes approximately \$3.7 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year, and an estimated \$1.4 billion for current fiscal year inflation proofing), may be appropriated by a majority vote of the Legislature. See “– Government Funds – The Alaska Permanent Fund” below.

In the Spring 2024 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$6,543.9 million in fiscal year 2024 and \$6,448.5 million in fiscal year 2025, compared to \$6,939.2 million in fiscal year 2022 and \$7,050.0 million in fiscal year 2023.

In the Spring 2024 Revenue Forecast, the State forecasts that Alaska North Slope (“ANS”) oil prices will average \$84.08 in fiscal year 2024 and \$78.00 in fiscal year 2025, compared to actual prices averaging \$86.63 in fiscal year 2023, \$91.41 in fiscal year 2022 and \$54.14 in fiscal year 2021. The State forecasts that ANS production will average approximately 467.6 thousand barrels of oil per day in fiscal year 2024 and 476.8 thousand barrels of oil per day in fiscal year 2025, compared to 479.4 thousand barrels of oil per day in fiscal year 2023, 476.5 thousand barrels of oil per day in fiscal year 2022 and 486.1 thousand barrels of oil per day in fiscal year 2021. In the Spring 2024 Revenue Forecast, the State forecasts ANS oil prices and production and general purpose unrestricted revenue through fiscal year 2034. See Table 4.

Oil and Gas Revenues. The State’s unrestricted General Fund revenues have historically been generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, oil and gas production taxes, bonuses and rents, oil and gas royalties, and corporate income taxes.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System, including the terminal at Valdez (“TAPS”) and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately \$30.4 billion as of January 1, 2023, \$28.6 billion as of January 1, 2022, \$28.2 billion as of January 1, 2021, and \$29.0 billion as of January 1, 2020.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on

the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (primarily TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

When the oil and gas property is located within the jurisdiction of a municipality, the municipality may also levy a tax on the property at the same rate the municipality taxes all other non-oil and gas property. The tax paid to a municipality on oil and gas property acts as a credit toward the payment to the State. Of the \$608.9 million of gross tax levied in fiscal year 2023 on oil and gas property in the State, the State's share was approximately \$128.8 million. In the Spring 2024 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$133.3 million in fiscal year 2024 and \$133.2 million in fiscal year 2025.

Revenue from oil and gas property taxes is deposited in the General Fund; however, the State Constitution requires that settlement payments received by the State after a property tax assessment dispute be deposited in the Constitutional Budget Reserve Fund (the "CBRF"). In fiscal years 2022 and 2023, \$21.1 million and \$196.0 million, respectively, in total settlements were deposited into the CBRF, and in the Spring 2024 Revenue Forecast, the State forecasts settlements to be \$10.0 million in fiscal year 2024 and \$20.0 million in fiscal year 2025. See "– Government Funds – The Constitutional Budget Reserve Fund" below.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on sales of all onshore oil and gas production, except for federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax can be a significant source of revenue and in many past years has been the State's single largest source of revenue. The production tax is levied differently based upon the type of production (oil versus gas) and the geographical location (North Slope versus Cook Inlet, the State's two producing petroleum basins).

For North Slope oil and export gas, the tax uses the concept of "Production Tax Value" ("PTV"), which is the gross value at the point of production minus lease expenditures. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to a depreciation schedule. The production tax rate is 35 percent of PTV with an alternative minimum tax of 0 percent to 4 percent of gross value, with the 4 percent minimum tax applying when average ANS oil prices for the year exceed \$25 per barrel.

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from \$8 per barrel to \$0 per barrel as wellhead value increases from \$80 per barrel to \$150 per barrel. A company that chooses to take this credit may not use any other credits to reduce tax paid to below the gross minimum tax. An additional incentive applies for qualifying new production areas on the North Slope. The so-called "Gross Value Reduction" ("GVR") allows a company to exclude 20 percent or 30 percent of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools. Oil that qualifies for this GVR receives a flat \$5 per-taxable-barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this \$5 per-taxable-barrel

credit can be applied to reduce tax liability below the minimum tax. The GVR is available only for the first seven years of production and ends early if ANS prices exceed \$70 per barrel for any three years.

Effective January 1, 2022, for North Slope export gas, the tax rate is 13 percent of gross value at the point of production. Currently, only a very small amount of gas is technically export gas, which is sold for field operations in federal offshore leases. However, this tax rate would apply to any major gas export project developed in the future.

For the North Slope, a Net Operating Loss (“NOL”) credit in the amount of 35 percent of losses was available until December 31, 2017. It allowed a credit to be carried forward to offset a future tax liability or, in some cases, to be transferred or repurchased by the State. Effective January 1, 2018, the NOL credit was replaced with a new carried-forward annual loss provision. In lieu of credits, a company may carry forward 100 percent of lease expenditures not applied against the tax and may apply all or part of lease expenditures in a future year. A carried-forward annual loss may not reduce tax below the minimum tax and may only be used after the start of regular production from the area in which the expenditures were incurred. An unused carried-forward annual loss declines in value by one-tenth each year beginning in the eighth or eleventh year after it is earned, depending on whether the carried-forward annual loss was earned from a producing or non-producing area.

Cook Inlet oil production is officially subject to the same tax rate of 35 percent of PTV. However, the tax is limited by statute to a maximum of \$1 per barrel.

For Cook Inlet gas production, the tax rate is 35 percent of PTV, and the tax is limited to a maximum value averaging 17.7 cents per thousand cubic feet. This rate also applies to North Slope gas used for qualifying in-State uses, commonly referred to as “non-export gas.”

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to “true up” any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. In fiscal year 2016, the State credited for potential purchase \$498 million from companies claiming such credits. For fiscal year 2017, the State appropriated the minimum provided for in the statutorily based formula of \$30 million for payments of such credits. In fiscal year 2018, the State purchased \$78 million in tax credits through the Oil and Gas Tax Credit Fund and purchased an additional \$100 million in fiscal year 2019. No funds were appropriated for the purchase of tax credit certificates for fiscal year 2020 or fiscal year 2021. \$54 million and \$60 million of general funds was appropriated in the fiscal year 2022 and 2023 budgets, respectively. Additionally, in fiscal year 2023, an amount equal to 10 percent of all revenues from taxes levied by AS 43.55.011 that is not required to be deposited in the budget reserve fund, not to exceed \$330 million, is appropriated from the General Fund to the Oil and Gas Tax Credit Fund. In the Spring 2024 Revenue Forecast, \$305 million is estimated to be purchased by the State in fiscal year 2023, and is preliminary pending annual returns. In the enacted fiscal year 2024 budget, approximately \$28.4 million of general funds were appropriated to the Oil and Gas Tax Credit Fund. As of the date of the Spring 2024 Revenue Forecast, an estimated \$50 million in tax credits are projected to be available for State repurchase, with the majority of those being credits earned in prior years. Payments of these credits are subject to future fiscal year appropriation.

In 2017, House Bill 111 (“HB 111”) was enacted, making multiple changes to the State’s oil and gas production tax and tax credit statutes. Following passage of HB 111, new credits will no longer be eligible for cash repurchase. Instead, companies will retain their credits until such time as they owe a tax

liability to the State, at which time the credits could be used to offset the company's oil and gas production taxes.

In 2018, House Bill 331 ("HB 331") was enacted, creating a tax credit bonding program that would allow the State to purchase outstanding oil and gas tax credits at a discount to face value, and spread the funding out over several years through the issuance of subject-to-appropriation bonds. The fiscal year 2020 operating budget appropriated \$700 million of bond proceeds to the Oil and Gas Tax Credit Fund for expenditure in fiscal year 2020 or 2021. A legal challenge delayed the tax credit bonding program, and in September 2020, the Alaska Supreme Court (the "Supreme Court") held that the tax credit bonding program under HB 331 was unconstitutional, prohibiting the Alaska Tax Credit Certificate Bond Corporation ("ATCCBC") from issuing bonds to finance the purchase of approximately \$700 million in outstanding tax credit certificates.

All unrestricted revenue generated by the oil and gas production taxes (approximately \$587 million in fiscal year 2019, \$277 million in fiscal year 2020, \$381 million in fiscal year 2021, \$1,802 million in fiscal year 2022, \$1,491 million in fiscal year 2023 and forecasted in the Spring 2024 Revenue Forecast to be \$939.9 million in fiscal year 2024 and \$752.3 million in fiscal year 2025) is deposited in the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the CBRF. See Table 1.

Oil and Gas Royalties, Rents and Bonuses. In Alaska, the State retains ownership of all subsurface minerals on lands in the State, with the exception of some federal and Alaska Native Corporation lands. As the land owner, through the Alaska Department of Natural Resources ("DNR"), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land historically has been leased largely based on a competitive bonus bid system. Under this system, the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67 percent and some also include a net profit-share or sliding scale component. Under all lease contracts the State has ever written, the State reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the contract prices received by the producers, net of transportation charges). When the State elects to take its royalty share in-kind, the State becomes responsible for selling and transporting that royalty share, which means establishing complex contracts to accomplish these tasks. The State regularly negotiates these contracts and has historically sold roughly 95 percent of North Slope oil royalties in this way. State royalty revenue from production on State land that is not obligated to the Permanent Fund or Public School Trust Fund is unrestricted revenue that is available for general appropriations.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the National Petroleum Reserve Alaska (the "NPR-A"). The State is required to deposit its entire share of lease bonuses, rents, and royalties from oil activity in the NPR-A in the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations. The State also receives a portion of revenues from federal royalties and bonuses on all other federal lands located within State borders and from certain federal waters.

Table 1 summarizes the sources and initial applications of oil and other petroleum-related revenue for fiscal years 2014 through 2023.

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Table 1
Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2014 – 2023
(\$ millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Oil Revenue to the General Fund										
Property Tax.....	\$ 128.1	\$ 125.2	\$ 111.7	\$ 120.4	\$ 121.6	\$ 119.5	\$ 122.9	\$ 119.2	\$ 122.4	\$ 128.8
Corporate Income Tax ⁽¹⁾ .	307.6	94.8	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)	297.5	312.4
Production Tax.	2,605.9	381.6	176.8	125.9	741.2	587.3	277.4	381.1	1,801.6	1,490.9
Royalties (including bonuses, rents and interest) ⁽²⁾⁽³⁾	1,721.2	1,086.3	879.8	690.1	1,011.0	1,119.3	683.0	736.6	1,259.3	1,187.4
Subtotal.....	\$4,762.8	\$1,687.9	\$1,109.5	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,480.8	\$ 3,119.4
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund ⁽²⁾⁽³⁾	\$ 786.2	\$ 518.3	\$ 396.9	\$ 340.0	\$ 363.1	\$ 382.3	\$ 323.9	\$ 337.7	\$ 548.0	\$ 507.4
Tax settlements to CBRF.....	177.4	149.9	119.1	481.9	121.3	181.2	281.2	35.0	21.1	196.0
NPR-A royalties, rents and bonuses ⁽⁴⁾	6.8	3.2	1.8	1.4	23.7	12.3	16.4	15.8	16.7	41.5
Subtotal.....	970.4	671.4	517.8	823.2	508.0	575.8	621.5	388.5	593.5	752.7
Total Oil Revenue	\$5,733.2	\$2,359.3	\$1,627.4	\$1,700.2	\$2,448.2	\$2,619.6	\$1,704.6	\$1,606.1	\$4,074.3	\$3,872.1

- (1) Corporate income tax collections for fiscal years 2016-2017 and 2020-2021 were negative due to large refunds of prior-year estimated taxes and low estimated taxes for those fiscal years.
- (2) Net of Permanent Fund, Public School Trust Fund, and CBRF deposits. The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal years 2018 and 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. See “Government Funds – The Alaska Permanent Fund” below.
- (3) Includes both Designated General Fund Royalties and Other Restricted Royalties. Beginning with FY 2022, the hazardous release surcharge and refined fuel surcharge are shown as Designated General Fund revenue. Previously these surcharges were shown as Unrestricted General Fund revenue.
- (4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

Source: 2014 through 2023 Revenue Sources Books and Forecast, including the Spring 2024 Revenue Forecast Update, Tax Division.

Corporate Income Tax. The State levies a corporate income tax on Alaska taxable net income of corporations doing business in Alaska (other than certain qualified small businesses and income received by certain corporations from the sale of salmon or salmon eggs). Corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income generally is

calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending upon whether the corporation does business solely in Alaska, does business both inside and outside Alaska, or is part of a group of corporations that operate as a unit in the conduct of a single business (a “unitary” or “combined” group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed as credits against State corporate income taxes. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive, and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited in the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited in the CBRF.

Non-Oil Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers, cigarette/tobacco/marijuana excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, mining license taxes, and miscellaneous revenues. See “– Government Budgets and Appropriations – *General Appropriations*” below. A number of these non-oil tax, license, and fee revenues (but not investment income and federal revenue) are shared with municipalities. In fiscal year 2023, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was \$472.3 million, and in the Spring 2024 Revenue Forecast, the State forecasts the value to be \$461.1 million in fiscal year 2024 and \$517.4 million in fiscal year 2025. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties. For additional information, see “– Government Budgets and Appropriations – *General Appropriations*” below.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, in connection with its military bases and as a result of procurement contracts, grants, and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately \$3.4 billion in fiscal year 2019, \$4.2 billion in fiscal year 2020, \$7.6 billion in fiscal year 2021, \$6.9 billion in fiscal year 2022, and \$5.8 billion in fiscal year 2023. In the Spring 2024 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$6.2 billion in fiscal year 2024 and \$6.5 billion in fiscal year 2025. The forecasts represent total budgeted spending authority for federal receipts, and actual federal receipts are subject to change. The federal funds are used primarily for road and airport improvements, aid to schools, and Medicaid payments, all of which are restricted by legislative appropriation to specific uses. Federal funds are most often transferred to the State on a reimbursement basis, and all transfers are subject to federal and State audit. Most federal funding requires State matching.

Investment Revenues. The State earns unrestricted and restricted by custom investment earnings from a number of internal funds. Two primary sources of investment income for the State are the two constitutionally-mandated funds, the Permanent Fund and the CBRF. The Permanent Fund had a fund balance (principal and earnings reserve) of approximately \$78.0 billion as of February 29, 2024, unaudited, which includes approximately \$3.7 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year and an estimated \$1.4 billion for current year inflation proofing. The Permanent Fund had a total fund balance of \$78.0 billion as of June 30, 2023, \$76.3 billion as of June 30, 2022, \$81.9 billion as of June 30, 2021, \$65.3 billion as of June 30, 2020, and \$66.3 billion as of June 30, 2019. The CBRF had an asset balance of approximately \$2.8 billion, unaudited, as of February 29, 2024. The

CBRF had an asset balance of approximately \$2.6 billion as of June 30, 2023, \$0.9 billion as of June 30, 2022, \$1.1 billion as of June 30, 2021, \$2.0 billion as of June 30, 2020, and \$1.8 billion as of June 30, 2019. Restricted investment revenue from the CBRF was approximately \$62.9 million in fiscal year 2023. In the Spring 2024 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$119.3 million in fiscal year 2024 and \$78.7 million in fiscal year 2025. The Permanent Fund Earnings Reserve balance is available for appropriation with a majority vote of the Legislature, while appropriation of the Permanent Fund's principal balance requires amendment of the State Constitution. The balance of the CBRF is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State has historically borrowed from the CBRF when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year.

As previously described, SB 26, relating to the earnings of the Permanent Fund, was enacted in 2018. The APFC projects these annual transfers of unrestricted General Fund revenue from the Permanent Fund Earnings Reserve to the General Fund in their monthly history and projections report, as reflected in Table 2.

Table 2
State of Alaska
Transfers from the Permanent Fund Earnings Reserve
to the General Fund for the Fiscal Years Ended June 30, 2019-2023
APFC Forecast for Fiscal Years Ending June 30, 2024– 2033

(\$ millions)

Fiscal Year	Transfer Amount
2019	\$2,723
2020	2,933
2021	3,091
2022	3,069
2023	3,361
Projected ⁽¹⁾	
2024	3,526
2025	3,657
2026	3,794
2027	3,967
2028	3,998
2029	4,111
2030	4,235
2031	4,367
2032	4,503
2033	4,644

(1) APFC transfer projections as of the unaudited February 29, 2024, report, and subject to change.

Source: APFC Fund Financial History & Projections as of February 29, 2024.

General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. All CBRF values stated above are asset values. See “– Government Funds – *The Constitutional Budget Reserve Fund*” and “– *The Alaska Permanent Fund*” below.

In the past, the State has also received earnings on the Statutory Budget Reserve Fund (the “SBRF”). Earnings on the SBRF are considered General Fund unrestricted revenue unless otherwise appropriated back to the SBRF. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. The available fund balance of the SBRF diminished to zero during fiscal year 2016. The SBRF unassigned fund balance for fiscal year 2022, reported in the State’s Annual Comprehensive Financial Report (“ACFR”), was \$371.8 million. The Office of Management and Budget Fiscal Summary as of March 13, 2024, projects a SBRF balance of zero. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund, unless otherwise appropriated back to the fund.

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years [2016 through 2022], with a forecast for fiscal years 2024 and 2025 from the Spring 2024 Revenue Forecast.

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Table 3
Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2018 – 2023
Forecast for Fiscal Years Ending June 30, 2024 – 2025

(\$ millions)

	2018	2019	2020	2021	2022	2023	2024 ⁽²⁾	2025 ⁽²⁾
Revenue Source								
<u>Unrestricted</u>								
Oil Revenue	\$ [1,940.2]	\$ [2,043.8]	\$ [1,083.1]	\$ [1,217.6]	\$ [3,480.9]	\$ [3,119.4]	\$ [2,432.3]	\$ [2,196.0]
Non-Oil Revenue	[457.0]	[490.1]	[454.8]	[444.3]	[448.1]	[472.3]	[461.1]	[517.4]
Investment Earnings	[16.3]	[2,815.9]	[2,991.2]	[3,120.9]	[3,010.2]	[3,458.3]	[3,650.6]	[3,735.1]
Subtotal	\$ [2,413.5]	\$ [5,349.8]	\$ [4,529.1]	\$ [4,782.8]	\$ [6,939.2]	\$ [7,050.0]	\$ [6,543.9]	\$ [6,448.5]
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ [508.1]	\$ [575.8]	\$ [621.5]	\$ [376.0]	\$ [576.7]	\$ [711.2]	\$ [518.3]	\$ [496.0]
Non-Oil Revenue	[697.4]	[631.2]	[558.6]	[590.9]	[643.0]	[680.5]	[831.4]	[848.3]
Investment Earnings ⁽³⁾	[5,616.4]	[1,188.0]	[(1,208.5)]	[16,460.9]	[(6,422.1)]	[1,210.1]	[1,346.3]	[2,250.5]
Federal Revenue	[3,124.6]]	[3,434.5]	[4,173.0]	[7,555.0]	[6,911.8]	[5,826.8]	[6,225.3]	[6,472.5]
Subtotal	[9,446.5]	[5,829.6]	[4,144.6]	[24,982.8]	[1,709.4]	[8,428.6]	[8,921.2]	[10,067.3]
	\$	\$		\$[				
Total	<u>[12,360.0]</u>	<u>[11,179.4]</u>	<u>\$ [8,673.7]</u>	<u>29,765.6]</u>	<u>\$ [8,648.6]</u>	<u>\$[15,478.6]</u>	<u>\$[15,465.1]</u>	<u>\$[16,515.8]</u>

Totals may not foot due to rounding.

- (1) “Restricted Oil Revenue” includes oil revenue for the State’s share of rents, royalties, and bonuses from the NPR–A, shared by the federal government. Starting in fiscal year 2022, hazardous release surcharge and refined fuel surcharge are included in Restricted Oil Revenue. Prior to 2021, these surcharges were included in “Unrestricted Oil Revenue.”
- (2) Forecasts for fiscal years 2024 and 2025 include projections for the transfers from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26. All values for fiscal years 2024 and 2025 are based on projections as of the release of the Spring 2024 Revenue Forecast and are subject to change.
- (3) A portion of the Restricted investment earnings starting in fiscal year 2019 consist of Permanent Fund unrealized gains and realized gains, less the transfers to the General Fund classified as unrestricted revenue pursuant to SB 26.

Source: 2018 through 2023 Revenue Sources Books and Forecast, including the Spring 2024 Revenue Forecast and Update, Tax Division.

Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by federal law, the State Constitution and statutes, and by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature. The Legislature has a 90-day statutory time limit, and a constitutional time limit of 120 days with an allowance for up to an additional 10 days, to approve a budget. If the Legislature fails to approve a budget, or if other limited purpose legislation needs to be considered, the Governor or Legislature may call a special session to consider such matters. See “– *General Appropriations*” below.

Budgets. The State’s fiscal year begins on July 1 and ends on the following June 30, and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare: (1) a statutorily conforming budget for the succeeding fiscal year, including capital, operating, and mental health budgets, setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices, and agencies of the State; (2) a general appropriation bill to authorize proposed expenditures; and (3) in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. In accordance with AS 37.07.020(b), the Governor is also required to prepare a six-year capital budget covering the succeeding six fiscal years and a 10-year fiscal plan. To assist the Governor in preparing budgets, proposed appropriation bills, and fiscal plans, the Tax Division prepares forecasts of annual revenues in December and March or April of each year. See “– State Revenues” above and “– *General Appropriations*,” Table 4, “– Government Funds,” and “– Revenue Forecasts” below.

The State Constitution prohibits the withdrawal from the treasury of nearly all funds, regardless of source, without an appropriation. As a consequence, the Governor’s proposed budget and the Legislature’s appropriation bills include federal and other funds as well as funds from the State and, by practice, funds that may be available for withdrawal without an appropriation. The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation.

General Appropriations. The Governor is required by State law to submit the three budgets—an operating budget, a mental health budget, and a capital budget—by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. These three budgets then go to the House Finance Committee and are voted upon by the House of Representatives. The three budgets then go to the Senate Finance Committee, are voted upon by the full Senate, and may go to a conference committee to work out differences between the House and Senate versions (and then be submitted to both houses for final votes). Bills passed by both houses are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a “line-item veto”) or may sign the bill or permit the bill to become law without a signature or veto. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each house of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each house in the case of other bills). Either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors, or for any other reason. An appropriation is an authorization to spend, not a requirement to spend. Enacted budget appropriations may be expended beginning July 1.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services, and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring and compensation freezes, lay-offs and furloughs, and restrictions on non-core operating expenses. Operating and capital expenditures have generally declined over the same time period through, among other actions, use of administrative restrictions on spending. See “– Public Debt and Other Obligations of the State” below.

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax, or imposing other broad-based statewide taxes, such as a sales tax. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

Governor Michael J. Dunleavy was reelected in November 2022, originally taking office in December 2018. In his fiscal year 2020 budget, the Governor declared that significant adjustments to the State budget were needed to allow for a Permanent Fund Dividend distribution to State residents based on a historical statutory formula. This proposal was not approved by the Legislature. In his fiscal year 2021 and 2022 budgets the Governor again requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. Again, the Legislature did not approve these proposals. The fiscal year 2023 budget included an appropriation of approximately \$2.1 billion for Permanent Fund Dividend distributions to all eligible Alaskans, of which approximately \$420.1 million was designated as a special appropriation for energy relief. The enacted fiscal year 2024 budget includes approximately \$881.6 million for Permanent Fund Dividend distributions to all eligible Alaskans.

Through special appropriations in the fiscal year 2024 enacted budget, if the unrestricted general fund revenue, collected in the fiscal year ending June 30, 2024, exceeds \$6,264,300,000, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2024, of the difference between \$6,264,300,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2024, not to exceed \$636,400,000, is appropriated as follows: 1) 50 percent from the general fund to the dividend fund to pay a one-time energy relief payment as part of the permanent fund dividend and for administrative and associated costs for the fiscal year ending June 30, 2025; and 2) 50 percent from the general fund to the budget reserve fund. After the appropriations made in this section, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2024, of the difference between \$6,900,700,000 and the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2024, is appropriated from the general fund to the budget reserve fund.

The State's enacted budget for fiscal year 2024, including forecasted supplemental appropriations, decreased spending from fiscal year 2023 from approximately \$15.9 billion to \$14.5 billion. The fiscal year 2023 expenditure value, provided by the Office of Management and Budget ("OMB") fiscal summary as of June 19, 2023, was inclusive of the permanent fund dividend distribution of approximately \$2.1 billion.

In May 2021, Governor Dunleavy revised his proposed constitutional amendment relating to the Alaska Permanent Fund, appropriations from the Permanent Fund, and the Permanent Fund Dividend. The revised amendment provides that 50 percent of the annual POMV transfer from the Permanent Fund Earnings Reserve Account would be dedicated to the Permanent Fund Dividend distribution. This proposal has received limited consideration by the Legislature to date and to be implemented, must receive a two-thirds vote of approval from both the House of Representatives and the Senate followed by approval in a statewide election.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding voter-approved general obligation bonds and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and, if necessary, to the General Fund from other funds, including the Permanent Fund, to the State Bond Committee to make all required payments of principal, interest, and redemption premium. For the full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, such as outstanding capital leases and lease-purchase financings authorized by law, and for State appropriations to replenish debt service reserves in the event of a

deficiency. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund money available in other funds such as the CBRF, SBRF, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations, and the Permanent Fund Earnings Reserve.

Appropriation Limits. The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund Dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds, or appropriations of funds received in trust from a non-State source for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed \$2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2022, the Office of Management and Budget estimated the appropriation limit to be approximately \$11.1 billion. The fiscal year 2022 budget, not counting the excluded appropriations, was \$7.3 billion, or \$3.8 billion less than the constitutional limit.

As shown in Table 4, unrestricted General Fund revenue decreased to \$4.5 billion in fiscal year 2020 and increased to approximately \$4.8 billion in fiscal year 2021. In fiscal year 2019, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue, which significantly diminishes the percentage of unrestricted revenue that petroleum-related revenue represents. The enacted fiscal year 2024 budget included approximately \$3.5 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted was incorporated into the State's revenue projections in Table 4.

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Table 4
State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2014 – 2023 and
Forecast for Fiscal Years Ending June 30, 2024 – 2034

Fiscal Year	Total Unrestricted General Fund Revenue (\$ millions)	ANS West Coast Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2014	5,390	107.57	530.4
2015	2,256	72.58	501.0
2016	1,533	43.18	514.7
2017	1,355	49.43	526.4
2018	2,414	63.61	518.5
2019	5,350	69.46	496.9
2020	4,529	52.12	471.8
2021	4,783	54.14	486.1
2022	6,939	91.41	476.5
2023	7,050	86.63	479.4
Projected ⁽¹⁾			
2024	6,544	84.08	467.6
2025	6,449	78.00	476.8
2026	6,430	74.00	482.0
2027	6,617	72.00	520.0
2028	6,707	70.00	547.2
2029	6,813	70.00	542.8
2030	6,869	69.00	545.2
2031	7,008	69.00	573.1
2032	7,305	71.00	614.9
2033	7,604	73.00	640.2
2034	7,833	75.00	641.1

⁽¹⁾ The values for fiscal years 2024 through 2034 use the projections included in the Spring 2024 Revenue Forecast, and are subject to change. Fiscal year 2024 includes approximately \$3.5 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. The forecast period includes projections for the transfers from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26.

Source: 2014 through 2023 Revenue Sources Books and Forecast, including the 2024 Spring Revenue Forecast Update, Tax Division.

The State’s constitutionally based obligation for K-12 education has been one of the largest single recurring budget line items in the State’s budget. In the enacted fiscal year 2024 budget, approximately \$1.17 billion is appropriated to the public education fund, comprised of an estimated \$1.14 billion from the general fund, and \$32.2 million from the Public School Trust Fund.. See “– Public Debt and Other Obligations of the State – *State-Supported Debt – State-Supported Municipal Debt Eligible for State Reimbursement*” below.

The Spring 2024 Revenue Forecast projects approximately \$7.1 billion in unrestricted General Fund revenue in fiscal year 2024 prior to any carryforwards and adjustments from fiscal year 2023, and the enacted fiscal year 2024 budget included approximately \$5.3 billion in unrestricted General Fund operating and capital budget appropriations. The enacted fiscal year 2024 budget included approximately \$3.5 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. In addition, the fiscal year 2024 expenditure value for the permanent fund dividend distribution was \$881.6 million.

In fiscal year 2024, projections for unrestricted General Fund capital budget appropriations decreased to approximately \$387.5 million from \$734.9 million in fiscal year 2023. Prior to fiscal year 2023, there were seven consecutive fiscal years that unrestricted General Fund capital budget appropriations had been under \$250 million, compared to \$608 million in fiscal year 2015. The State's fiscal year 2024 total capital budget appropriations, including unrestricted general funds, designated general funds, other and federal funds were approximately \$3.1 billion (Source: Office of Management and Budget, Fiscal Summary as of June 19, 2023 and March 13, 2024).

Government Funds

Because the State is dependent upon taxes, royalties, fees, and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses "shall not be dedicated to any special purpose." The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood, and when provided by the State Constitution, such as restricted for savings in the Permanent Fund or the CBRF.

Current State funding options available on a statutory basis include General Fund unrestricted revenue (which pursuant to SB 26 includes an annual transfer from the Permanent Fund Earnings Reserve), use of the earnings or the principal balance of the SBRF, borrowing restricted earnings revenue or principal balance from the CBRF, use of the statutorily restricted oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, following various protocols. The CBRF may be accessed with a majority vote of the Legislature following a year-over-year total decline in total revenue available for appropriation, or in any year by a three-quarters vote of both houses of the Legislature. A majority vote of the Legislature is needed to appropriate from the SBRF and from the Permanent Fund Earnings Reserve.

The General Fund. Unrestricted State revenue is annually deposited in the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than approximately 55 subfunds and "cash pools" within the General Fund to account for funds allocated to particular purposes or reserves, including the CBRF, the SBRF, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

The Constitutional Budget Reserve Fund. The State Constitution requires that oil and gas and mineral dispute-related revenue be deposited in the CBRF. The State Constitution provides that other than money required to be deposited in the Permanent Fund and the Public School Trust Fund, all money received by the State after July 1, 1990 as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation involving mineral lease bonuses, rentals, royalties, royalty sale

proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, are required to be deposited in the CBRF. Money in the CBRF may be appropriated (1) for any public purpose, upon the affirmative vote of three-fourths of each house of the Legislature; or (2) by majority vote if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The State Constitution also provides that until the amount appropriated from the CBRF is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the CBRF.

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget, when necessary, at the end of the fiscal year. The State has drawn on the CBRF in each year since fiscal year 2014, although in some years dedicated earnings and deposits into the CBRF were greater than the draws. Historical borrowing from the CBRF in the 1990s through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred during fiscal years 2011, 2012, or 2013.

The fiscal year 2015 capital budget approved by the Legislature included a \$3 billion transfer from the CBRF to the Public Employees Retirement System (“PERS”) and Teachers Retirement System (“TRS”). PERS received \$1 billion and TRS received \$2 billion. This transfer resulted in a liability of the General Fund. Additional amounts were appropriated from the CBRF to the General Fund annually in fiscal years 2016 through 2021 to fund shortfalls between State revenue and General Fund appropriations. The total net amount appropriated from the CBRF since fiscal year 2015 as of June 30, 2022, was approximately \$11.2 billion. Pursuant to the State’s fiscal year 2022 ACFR, the June 30, 2022, unassigned fund balance of the CBRF was approximately \$2.4 million.

The asset balance in the CBRF as of June 30, 2023, was approximately \$2.6 billion, including earnings of approximately \$62.9 million. General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. As of June 30, 2022, the asset balance was approximately \$914.5 million, including earnings of approximately \$1.2 million; as of June 30, 2021, the asset balance was approximately \$1.1 billion, including earnings of approximately \$2.2 million; as of June 30, 2020, the asset balance was approximately \$2.0 billion, with investment earnings of \$62.8 million; and as of June 30, 2019, the asset balance was \$1.8 billion, with investment earnings of \$74.8 million.

The Statutory Budget Reserve Fund. The SBRF has existed in the State’s accounting structure since 1986. The SBRF is available for use for legal purposes by majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in the fiscal year was insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund may be appropriated from the SBRF to the General Fund. For fiscal year 2015, this resulted in a year-end transfer from the SBRF to the General Fund of approximately \$2.5 billion. As of June 30, 2015, the SBRF held approximately \$288 million. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of \$288 million, and the available fund balance of the SBRF diminished to zero. The SBRF unassigned fund balance for fiscal year 2022, reported in the State’s ACFR, was \$371.8 million as of June 30, 2022. The Office of Management and Budget Fiscal Summary as of March 13, 2024 projects a SBRF balance of zero. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund, unless otherwise appropriated back to the fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. The amendment provides that “at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments” and that “all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.”

In 1980, legislation was enacted that provided for the management of the Permanent Fund by the APFC, a public corporation within the DOR managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments, and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. For fiscal year 2023, State oil and mineral revenues deposited in the Permanent Fund were \$754 million, compared to \$549 million in fiscal year 2022, \$320 million in fiscal year 2021, \$319 million in fiscal year 2020, and \$385 million in fiscal year 2019. Since inception, as of June 30, 2023, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include \$22.2 billion for inflation proofing, \$19.2 billion in royalty contributions, and \$15.0 billion in special appropriations.

The Permanent Fund tracks earnings on a basis compliant with statements pronounced by the Governmental Accounting Standards Board (“GASB”) in the compilation of the financial statements of the Permanent Fund. Fund balance consists of two parts: (1) principal, which is non-spendable, and (2) earnings reserve, which is spendable with an appropriation by the Legislature. By statute, only realized gains are deposited in the earnings reserve. Unrealized gains and losses associated with principal remain allocated to principal. Because realized gains deposited in the earnings reserve are invested alongside the principal, however, the unrealized gains and losses associated with the earnings reserve are spendable with an appropriation of the Legislature.

Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation proofing. Between 1982 and 2023, approximately \$30.2 billion of dividends were paid to Alaska residents and \$22.2 billion of Permanent Fund income has been added to principal for inflation proofing. For fiscal years 2016, 2017, and 2018, there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, \$989 million, provided for in the enacted fiscal year 2019 operating budget, was appropriated from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation on the principal for fiscal year 2019. The State’s fiscal year 2020 budget included an appropriation of approximately \$4.8 billion from the earnings reserve to the principal of the Permanent Fund. The State’s fiscal year 2021 budget did not include an appropriation for additions to principal for inflation proofing. The Legislature made an approximate \$4.0 billion special appropriation to principal in the fiscal year 2022 budget. For fiscal year 2023, approximately \$4.2 billion was appropriated from the earnings reserve to the principal of the Permanent Fund. The Permanent Fund Dividend amount, paid in calendar year 2022, was \$3,284 per qualified resident, inclusive of amounts designated as energy relief to Alaskans. The Permanent Fund Dividend amount, paid in calendar year 2023, was \$1,312 per qualified resident.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund Earnings Reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful

purpose. The principal portion of the Permanent Fund, approximately \$67.5 billion as of June 30, 2023, up from approximately \$60.2 billion as of June 30, 2022, may not be spent without amending the State Constitution. The earnings reserve, approximately \$10.5 billion as of June 30, 2023, down from approximately \$16.1 billion as of June 30, 2022, may be appropriated by a majority vote of the Legislature.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as *State v. Amerada Hess*). The total of the settlements and retained income thereon, as of June 30, 2023, was approximately \$424.4 million. Earnings on the settlements are excluded from the dividend calculation and are not subject to inflation proofing in accordance with State law, and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. The Alaska Capital Income Fund realized earnings on settlement principal of approximately \$14.3 million during fiscal year 2023.

As previously discussed, SB 26 created a percent of market value to provide a sustainable draw on the earnings reserve for transfer to the General Fund as unrestricted revenue.

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Table 5
State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2013 – 2022

Fiscal Year	General Purpose Unrestricted Revenue (\$ mil)	Recurring & Discretionary General Fund Expenditures (\$ mil)	Unrestricted Revenue Surplus/ (Deficit) (\$ mil)	Ending SBRF Reserves Available Balance (\$ mil)	Ending CBRF Reserves Available Balance (\$ mil) ⁽¹⁾	Permanent Fund Earnings Reserve Balance (\$ mil)	Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2013	6,929	7,455	(526)	4,711 ⁽²⁾	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791 ⁽²⁾	12,780	6,211	107.57	530.4
2015	2,257	4,760	(2,503) ⁽³⁾	288 ⁽²⁾	10,101	7,162	72.58	501.0
2016	1,533	5,213	(3,680) ⁽³⁾	– ⁽²⁾	7,331	8,570	43.18	514.7
2017	1,354	4,498	(3,144) ⁽³⁾	– ⁽²⁾	3,896	12,816	49.43	526.4
2018	2,414	4,489	(2,075) ⁽³⁾	– ⁽²⁾	2,360	18,864 ⁽⁴⁾	63.61	518.5
2019	5,350 ⁽⁵⁾	4,889	461 ⁽³⁾	– ⁽²⁾	1,832	18,481 ⁽⁴⁾	69.46	495.0
2020	4,529 ⁽⁵⁾	4,805	(276) ⁽³⁾	– ⁽²⁾	1,983	12,894 ⁽⁴⁾	52.12	471.8
2021	4,783 ⁽⁵⁾	5,031 ⁽³⁾	(248) ⁽³⁾	481 ⁽²⁾	1,076	21,148 ⁽⁴⁾	54.14	486.1
2022	6,939 ⁽⁵⁾	5,362 ⁽³⁾	1,577 ⁽³⁾	372 ⁽²⁾	915	16,150 ⁽⁴⁾	91.41	476.5
2023	7,050 ⁽⁵⁾	5,641	1,409 ⁽³⁾	– ⁽²⁾	2,620	10,491 ⁽⁴⁾	86.63	479.4

(1) The CBRF available balance represents the historical asset values.

(2) Includes unassigned fund balance through net transfer from the SBRF to the General Fund reconciled at the release of the State's ACFR. Fiscal Year 2023 is a preliminary estimate from OMB Fiscal Summary dated June 19, 2023.

(3) The SBRF was used to balance the fiscal year 2015 deficit, with \$288 million remaining as of June 30, 2015. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated is repaid. The available fund balance of the SBRF as of June 30, 2016, was zero. Fiscal year 2021 includes a \$325 million appropriation to the SBRF from the Unrestricted General Fund, and fiscal year 2022 includes an estimated \$109 million draw from the SBRF.

(4) Includes amount committed for General Fund transfers pursuant to SB 26, as well as any special appropriations and/or inflation proofing transfers.

(5) Includes Permanent Fund Earnings Reserve transfer prior to dividend payments.

Source: Alaska Department of Revenue, and Office of Management and Budget.

Revenue Forecasts

The State regularly prepares revenue forecasts for planning and budgetary purposes. Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production expected from projects currently under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Spring 2024 Revenue Forecast. The State will next update its forecast in the Fall 2024 Revenue Forecast, which is anticipated to be released in December 2024. The State has provided certain estimates for fiscal years 2024 and 2025 based on information available as of the Spring 2024 Revenue Forecast, as well as certain audited results for fiscal year 2023 for the CBRF and the APFC.

See “– Government Funds” above for a description of some of the actions the State can take when revenues prove to be lower than expected.

The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation. Table 6 provides a summary of the State’s most recent forecast for revenues subject to appropriation in fiscal years [2024 through 2028].

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Table 6
State of Alaska Projection of Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2024 through 2029 ⁽¹⁾
(\$ millions)

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$ 2,432.3	\$ 2,196.0	\$ 2,013.2	\$ 1,999.7	\$ 2,044.0	\$ 2,029.0
Production Tax – Hazardous Release Surcharge	7.5	7.7	7.7	8.3	8.8	8.7
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	83.8	77.3	75.3	99.9	118.7	122.7
Tax and Royalty Settlements to CBRF	10.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue⁽³⁾	<u>\$ 2,533.6</u>	<u>\$ 2,300.9</u>	<u>\$ 2,116.3</u>	<u>\$ 2,127.9</u>	<u>\$ 2,191.5</u>	<u>\$ 2,180.4</u>
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 461.1	\$ 517.4	\$ 549.2	\$ 582.1	\$ 602.1	\$ 615.7
Designated General Fund	480.2	494.9	497.6	501.1	501.9	502.8
Royalties to Alaska Permanent Fund beyond 25% dedication	3.7	4.0	4.2	4.4	4.5	4.5
Subtotal Non-Petroleum Revenue⁽³⁾	<u>\$ 945.0</u>	<u>\$ 1,016.4</u>	<u>\$ 1,051.0</u>	<u>\$ 1,087.6</u>	<u>\$ 1,108.5</u>	<u>\$ 1,123.0</u>
<u>Investment Revenue</u>						
Unrestricted General Fund	\$ 3,650.6	\$ 3,735.1	\$ 3,867.9	\$ 4,034.9	\$ 4,060.9	\$ 4,167.9
Designated General Fund	73.3	57.3	57.3	57.3	57.3	57.3
CBRF ⁽²⁾	119.3	78.7	89.3	92.3	95.4	98.6
Subtotal Investment Revenue⁽³⁾	<u>\$ 3,843.2</u>	<u>\$ 3,871.1</u>	<u>\$ 4,014.5</u>	<u>\$ 4,184.5</u>	<u>\$ 4,213.6</u>	<u>\$ 4,323.8</u>
Total Revenue Subject to Appropriation⁽³⁾	<u>\$ 7,321.8</u>	<u>\$ 7,188.4</u>	<u>\$ 7,181.8</u>	<u>\$ 7,400.0</u>	<u>\$ 7,513.5</u>	<u>\$ 7,627.1</u>

(1) This table presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the State accounting system would likely reveal additional revenues subject to appropriation beyond those identified here. Totals may not foot due to rounding.

(2) CBRF earnings projections on balances reflect estimates that do not incorporate potential amounts swept to the CBRF under Alaska Constitution Article IX Sec. 17(d).

(3) Subtotals and totals may not foot due to rounding.

Source: Spring 2024 Revenue Forecast, Tax Division.

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates the School Debt Reimbursement Program (the “SDRP”) and the Transportation and Infrastructure Debt Service Reimbursement Program (the “TIDSRP”). Other than the Veterans’ Mortgage Program, these programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for certain bonds of local governments and obligations of State agencies.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the State Bond Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit, and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. Approximately \$577.2 million of general obligation bonds were outstanding as of June 30, 2023. See “Summary of Outstanding Debt” and Tables 7 and 8 below.

Most recently, in November 2012, voters approved \$453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects (the “2012 Transportation Bond Act”). During fiscal year 2021, the State issued its General Obligation Bonds Series 2020A, which used the remaining authority under the 2012 Transportation Bond Act.

The following other debt and debt programs of the State were outstanding as of June 30, 2023, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation (“AHFC”) for the purpose of purchasing mortgage loans made for residences of qualifying veterans. These bonds are also general obligation bonds of the State, and they must be authorized by law, ratified by the voters, and approved by the State Bond Committee. In November 2010, voters approved \$600 million of State guaranteed veterans’ mortgage bonds, and the total unissued authorization was \$584.6 million as of June 30, 2023. As of June 30, 2023, \$41.3 million of State guaranteed debt was outstanding. Subsequent to June 30, 2023, the AHFC issued Veteran’s Mortgage Bonds in the approximate amount of \$49.9 million.

State-Supported Debt. State-supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State-supported debt is not considered “debt” under the State Constitution, because the State’s payments on this debt are subject to annual appropriation by the Legislature, recourse is limited to the financed property, and this debt does not create a long-term obligation of the State binding future legislatures. Voter approval of such debt is not required. State-supported debt includes lease-purchase financing obligations (structured as certificates of participation (“COPs”)) and capital leases the State has entered into with respect to the Linny Pacillo Parking Garage (with AHFC) and the Goose Creek Correctional Center (with the Matanuska-Susitna Borough). Approximately \$164.0 million of State-supported debt was outstanding as of June 30, 2023.

On September 4, 2020, the Alaska Supreme Court issued a decision related to the Alaska Tax Credit Certificate Bond Corporation (ATCCBC) that created additional limitations on when the State can issue State Supported Debt. While the decision reaffirmed prior Supreme Court decisions allowing the use of State Supported Debt for lease-purchase of real property arrangements, it specifically disallowed the structure contemplated for the Alaska Tax Credit Certificate Bond Corporation created in 2018 in AS 37.18. Due to similarity of structure, the decision also rendered the Pension Obligation Bond Corporation (created in AS 37.16) and the Toll Bridge Revenue Bonds for the Knik Arm Bridge (created in AS 37.15, Article 2) illegal. On September 28, 2020, the State of Alaska Department of Law filed a Petition for Rehearing with the Supreme Court in an attempt to obtain clarity on the scope of the Court's intent in their decision. The Court declined to respond to the Petition for Rehearing.

State-Supported Unfunded Actuarially Assumed Liability (UAAL). In 2008, Senate Bill 125 became law, declaring that the State shall fund any actuarially determined employer contribution rate above 22% for the Public Employees' Retirement System (PERS) or 12.56% for the Teachers' Retirement System (TRS) out of the State's general fund. This change was designed to address the stress municipal employers were experiencing due to high actuarially determined percentage of payroll amounts to pay for actuarially assumed unfunded liabilities of the retirement systems. In 2015, the Governmental Accounting Standards Board Statement 68 (GASB 68) was enacted, updating reporting and disclosure requirements related to pension liabilities. One of the key changes was requiring a government that is committed to making payments on a pension system's unfunded actuarial assumed liability (UAAL) on behalf of another entity to record the liability as a debt of the government making the payment. As a result of GASB 68, \$5.8 billion of long-term debt was added to the State's fiscal year 2015 Annual Comprehensive Financial Report, for a total of \$6.0 billion of UAAL owed by the State at that time.

Annual payments are determined based on a variety of actuarial assumptions and the evolving experience as it occurs. The assumption with perhaps the greatest impact on future payments is the assumed rate of return on invested assets. The ARM Board completed an experience analysis of the actuarial assumptions underlying the PERS and TRS actuarial valuation reports covering the timeframe July 1, 2017, to June 30, 2021. There have been no changes in the actuarial methods or changes in benefit provisions since the June 30, 2021, valuation. Healthcare claims costs are updated annually. However, as a result of the experience analysis, updated demographic and economic assumptions were adopted by the ARM Board in June 2022, and were used in the June 30, 2022, actuarial valuation reports. One significant item that was changed is the actuarial assumption for investment rate of return. This rate was revised from 7.38 percent down to 7.25 percent, and the assumption was included within the June 30, 2022, actuarial valuation reports.

According to the PERS and TRS ACFR as of June 30, 2023, if the actual earnings rate experience is 6.25%, the 1% reduction in the rate of return on investments increases the net PERS pension liability by approximately \$1,775,923,000 and the net TRS pension liability by approximately \$830,095,000.

As long as the Senate Bill 125 statutory framework is in place, the State is statutorily obligated to obtain amounts required to meet all actuarially determined employer contribution rate for PERS' employers above 22% and TRS employers above 12.56%.

Senate Bill 55 (SB 55), an Act relating to employer contributions to the System, made changes to Alaska Statute (AS) 39.35.255 that indicated the State of Alaska, as a participating employer, shall contribute to the System every payroll period an amount sufficient to pay the full actuarially determined employer normal cost, all contributions required under AS 39.30.370 (HRA) and AS 39.35.750 (all DCR costs – employer match, ODD, RMP), and past service costs for members at the contribution rate adopted by the Board under AS 37.10.220 for the fiscal year for that payroll period. The State of Alaska, as an

employer, will pay the full actuarial determined employer contribution rate adopted by the Board for each fiscal year effective July 1, 2021.

As of June 30, 2023, State long-term debt for the combined PERS and TRS pension UAAL was approximately \$3.5 billion. Worth noting is that the Other Post Employment Benefit ('OPEB') asset levels are greater than the assumed liabilities for both PERS and TRS.

State-Supported Municipal Debt Eligible for State Reimbursement. The State administers two programs that reimburse municipalities for municipal debt: the SDRP and the TIDSRP. These programs provide for State reimbursement of annual debt service on general obligation bonds of municipalities for the SDRP and a combination of general obligation and revenue bonds of authorized participants in the TIDSRP. The State may choose not to fund these programs in part or whole.

DEED administers the SDRP, which was created by law in 1970. The SDRP allows municipalities to apply, and if structured correctly, be eligible for reimbursement on up to 100 percent of the debt service on general obligation bonds issued for school construction. All municipal bonds are required to be authorized as general obligation bonds of the municipality, providing the ultimate source of payment commitment. The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990s due to State budgetary pressure. Beginning in the early 2000s, and through 2014, the program was generally available for any qualified municipal project at reimbursement rates of 60 to 70 percent of debt service. In 2015, the Legislature passed a moratorium on the SDRP and eliminated DEED's authority to issue agreements to reimburse debt from school bonds that voters approved after January 1, 2015, and before July 1, 2020. In 2020, the legislature extended the moratorium until July 1, 2025. Since 1983, the SDRP has been partially funded ten times, most recently in fiscal year 2017 at approximately 79 percent of the authorized amount, in fiscal year 2020 at 50 percent of the authorized amount, in fiscal year 2021 at zero percent of the authorized amount, and then in fiscal year 2022 at approximately 42 percent of the authorized amount. The fiscal year 2023 and 2024 budgets included a fully funded SDRP and TIDSRA, and in addition, fiscal year 2022 supplemental appropriations offset prior year reductions in the SDRP for fiscal year 2017 and for fiscal years 2020 through 2022.

The Department of Transportation and Public Facilities (DOTPF) and the Alaska Energy Authority (AEA) administers the TIDSRA which was created by law in 2002. The program currently includes University of Alaska revenue bonds, six municipalities' general obligation bonds, and one electric association revenue bond. The program provides for 100% reimbursement of a limited number of municipal transportation and infrastructure related projects. The underlying municipal bonds are issued as either general obligation bonds or utility revenue bonds providing the ultimate source of payment commitment. This was a one-time authorization and no additional authorizations have been proposed. Other than certain reimbursements for the University of Alaska, no funding was provided in the fiscal year 2020 through 2022 budgets. The fiscal year 2023 and 2024 budgets included a fully funded TIDSRA.

While the SDRP and the TIDSRP have been only partially funded or not funded at all in certain fiscal years, the statutorily allowed reimbursements are still reflected as State subject-to-appropriation obligations in current year balances and future year payment commitments within certain sections of the complete State's Public Debt publications.

State-Supported Toll Revenue Bonds. In April 2014, AS 37 Chapter 16 was enacted creating the Knik Arm Crossing project in the Alaska Department of Transportation and Public Facilities. The Legislation provides for the Department of Transportation to enter into a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan and for the DOR to issue up to \$300 million of state-supported subordinate lien toll bridge revenue bonds. Given the green field nature of this project there is a 100 percent expectation of insufficient toll revenue to cover debt service and the State's General Fund having to make

debt payments for at least 7 to 10 years, and longer if traffic forecasts are not realized. Based on the September 4, 2020, decision of the Supreme Court this statutory construct is invalid.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund that is benefited by a discretionary replenishment provision that requires the applicable State agency or authority to report any deficiencies to the debt service reserve fund, and permits, but does not legally obligate, the Legislature to appropriate, on an annual basis, to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). Such State agency or authority debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue such debt are: Alaska Aerospace Development Corporation, which has not issued any debt; Alaska Energy Authority (“AEA”); AHFC; Alaska Industrial Development and Export Authority (“AIDEA”); Alaska Municipal Bond Bank Authority (“AMBBA”); and Alaska Student Loan Corporation (“ASLC”). Current outstanding moral obligation debt is limited to the Alaska Municipal Bond Bank Authority, and the Alaska Energy Authority. Approximately \$1,220.7 million of such State Moral Obligation debt was outstanding as of June 30, 2023.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State nor of the University and does not require voter approval. Such debt is authorized by law and issued by the State Bond Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or by the University of Alaska. This type of debt includes International Airport System Revenue Bonds, various University Revenue Bonds, Notes, and Contracts, and Clean Water and Drinking Water Fund Bonds. As of June 30, 2023, there was \$479.1 million of State and University revenue debt outstanding, consisting of \$241.4 million of University of Alaska Revenue Bonds and Notes and \$237.7 million of Alaska International Airport System Revenue Bonds.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets financed by bond proceeds or otherwise of assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees or moral obligation pledges. As of June 30, 2023, there was \$1,534.8 million aggregate principal amount of State agency debt outstanding, consisting of \$1,247.3 million of AHFC obligations, \$9.3 million of AMBBA Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, \$17.3 million of Alaska Railroad Corporation obligations and \$260.9 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State will assume responsibility for the debt. As of June 30, 2023, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$1,108.0 million, consisting of associated obligations issued through AHFC.

State-Supported Pension Obligation Bonds. In 2008, AS.37 Chapter 16 was enacted creating the POBC for the purpose of issuing bonds for up to \$5 billion for the prepayment of UAAL of the retirement systems. The POBC bonds would have been considered State-Supported debt as they would be secured by agreements with other state agencies that are subject to annual appropriation. In 2018, the POBC bond

limit was reduced to \$1.5 billion. Based on the September 4, 2020, decision of the Supreme Court this statutory construct is invalid.

State-Supported Tax Credit Certificate Bonds. In 2018, AS 37 Chapter 18 was enacted creating the ATCCBC for the purpose of selling bonds for up to \$1 billion to provide for the purchase of certain State tax credits. The ATCCBC bonds would be considered State-Supported debt as they would be secured by agreements entered into by other state agencies that are subject to annual appropriation. A legal challenge on the State Constitutionality of the ATCCBC was filed and delayed the potential for bond issuance. Based on the September 4, 2020, decision of the Supreme Court this statutory construct is invalid.

Summary of Outstanding Debt. Table 7 lists, by type, the outstanding State-related debt as of June 30, 2023, except as otherwise noted.

Table 7
State of Alaska Debt and State-Related Debt by Type as of June 30, 2023
(\$ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	\$ 577.2	\$ 198.9	\$ 776.1
State Guaranteed Debt			
Alaska Housing Finance Corporation Collateralized Bonds (Veterans' Mortgage Program)	41.3	11.5	52.8
State-Supported Debt			
Certificates of Participation	14.7	2.7	17.4
Lease Revenue Bonds with State Credit Pledge and Payment	149.3	39.0	188.3
Total State-Supported Debt	164.0	41.7	205.7
State-Supported Municipal Debt			
State Reimbursement of Municipal School Debt Service	433.6	77.0	510.6
State Reimbursement of capital projects	13.6	3.4	17.0
Total State Supported Municipal Debt	447.2	80.4	527.6
Pension System Unfunded Actuarial Accrued Liability (UAAL) ⁽¹⁾			
Public Employees' Retirement System UAAL	2,810.0	N/A	2,810.0
Teachers' Retirement System UAAL	710.0	N/A	710.0
Total UAAL	3,520.0	N/A	3,520.0
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	1,016.7	420.5	1,437.2
Alaska Energy Authority:			
Power Revenue Bonds #1 through #11	204.0	193.5	397.5
Total State Moral Obligation Debt	1,220.7	614.0	1,834.7
State Revenue Debt			
International Airport System Revenue Bonds	237.7	85.6	323.3
University of Alaska Debt			
University of Alaska Revenue Bonds	229.1	100.3	329.4
University Lease Liability and Notes Payable	12.3	2.7	15.0
Total University of Alaska Debt	241.4	103.0	344.4
Total State Revenue and University Debt	479.1	188.6	667.7

[Table 7 continues on next page]

	<u>Principal outstanding</u>	<u>Interest to maturity</u>	<u>Total debt service to maturity</u>
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	\$ 129.6	N/A	\$ 129.6
State Capital Project Bonds II	1,117.7	529.8	1,647.5
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.3	1.4	10.7
Alaska Railroad	17.3	0.4	17.7
Northern Tobacco Securitization Corporation			
2021 Tobacco Settlement Asset-Backed Bonds ⁽²⁾	260.9	444.2	705.1
Total State Agency Debt	<u>1,534.8</u>	<u>975.8</u>	<u>2,510.6</u>
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds	445.9	171.4	617.3
General Mortgage Revenue Bonds II	598.5	256.7	855.2
Government Purpose Bonds	63.6	10.3	73.9
Total State Agency Collateralized or Insured Debt	<u>1,108.0</u>	<u>438.4</u>	<u>1,546.4</u>
Total State and State Agency Debt	<u>9,092.3</u>		
Municipal Debt			
School G.O. Debt	649.6	N/A	N/A
Other G.O. Debt ⁽³⁾	1,714.0	N/A	N/A
Revenue Debt	848.3	N/A	N/A
Total Municipal Debt	<u>3,211.9</u>		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(162.9)		
Less: State Reimbursable Municipal School G.O. Debt	(433.6)		
Less: Alaska Municipal Bond Bank debt included in University debt	(77.5)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	(825.0)		
Total Deductions Due to Reporting in More than One Category	<u>(1,499.0)</u>		
Total Alaska Public Debt	<u>\$10,805.2</u>		

(1) From most recent 6/30/2022 actuarial valuation, as of the release of the Alaska Public Debt Book 2023-2024.

(2) "Interest to Maturity" and "Total Debt Service to Maturity" includes accreted interest due at maturity of \$335.7 million.

(3) Other G.O. Debt includes certain information sourced directly from the Office of the State Assessor and certain municipal ACFRs.

Source: 2023-2024 Alaska Public Debt Book, published in January 2024.

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding public debt. General obligation bonds are unconditionally supported, and COPs and capital leases are subject-to-appropriation commitments with associated obligations. The SDRP and TIDSRP provide discretionary annual payments to municipal issuers for qualified bonds of the municipalities that are eligible by statute to participate in the programs. Table 8 sets forth existing debt service on outstanding State-supported debt the State has provided from the General Fund for these outstanding obligations and the forecasted support required to retire the outstanding obligations into the future. In the State's enacted fiscal year 2024 budget, the SDRP and TIDSRP were funded at 100 percent.

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Table 8
State of Alaska
Payments on General Fund Paid Debt as of June 30, 2023
(\$ millions)

Fiscal Year	State G.O.*	Lease / Purchase	Capital Leases (1)	School Debt Reimbursement (2),(3)	Capital Project Reimbursement(3)	Statutory Debt Payment to PERS/TRS (4)	Total Debt Service
2023	73.5	2.9	19.5	77.6	3.6	124.9	302.0
2024	72.7	2.9	19.5	66.2	3.6	136.7	301.6
2025	67.7	2.9	19.5	56.4	3.6	220.6	370.7
2026	67.5	2.9	19.5	46.5	2.8	219.3	358.5
2027	67.5	2.9	20.9	41.2	2.6	247.5	382.6
2028	66.5	2.9	20.9	39.2	2.2	253.8	385.5
2029	65.5	2.9	17.6	34.4	0.9	260.3	381.6
2030	64.8	—	17.6	32.0	0.9	267.4	382.7
2031	52.4	—	17.6	29.8	0.4	274.9	375.1
2032	51.9	—	17.6	26.5	—	283.0	379.0
2033	51.4	—	17.6	20.3	—	291.5	380.8
2034	50.9	—	—	18.0	—	300.0	368.9
2035	27.1	—	—	13.0	—	308.7	348.8
2036	27.0	—	—	6.0	—	317.8	350.8
2037	6.6	—	—	0.9	—	327.7	335.2
2038	18.3	—	—	0.8	—	337.2	356.3
2039	6.1	—	—	0.8	—	347.5	354.4
2040	6.1	—	—	0.4	—	—	6.5
2041	6.1	—	—	0.2	—	—	6.3
2042-2051	—	—	—	—	—	16.8	16.8

(1) A prison and a parking garage have been financed with capital leases.

(2) Fiscal years 2023–2041 payments are based on actual bond repayment schedules on file with the DEED as of June 30, 2023.

(3) In fiscal year 2023, the School Debt and Capital Project Reimbursements were funded at 100%.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2022.

(*) State G.O. debt service is net of federal subsidies on interest expense through fiscal year 2038.

Source: 2023 – 2024 Alaska Public Debt Book, published in January 2024.

Payment History. The State has never defaulted on its general obligation bond obligations nor has it ever failed to appropriate funds for any State-supported outstanding securitized lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State’s relatively small population and high per capita revenue due to oil resource-generated and investment revenue. Historically the State’s policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and COPs that are State-supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the SDRP, TIDSRP, and certain capital leases. With the more inclusive funding, the State’s policy allows the annual payments on these items to range up to seven percent of unrestricted revenue.

Table 9
State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2023
Forecast for Fiscal Years Ending June 30, 2024 – 2033

Fiscal Year	Unrestricted Revenues (\$ millions)	State G.O. Debt Service (%)	State Supported Debt Service (%)	Total State Debt Service (%)	School Debt Reimbursements (%)	Statutory Payment to PERS/TRS (%)	Total Payments to Revenues** (%)
1996	\$2133	1.0%	0.5%	1.4%	3.7%	—	5.2%
1997	2,495	0.7	0.4	1.0	2.5	—	3.5
1998	1,826	0.8	0.6	1.3	3.4	—	4.7
1999	1,348	0.7	1.1	1.8	4.6	—	6.4
2000	2,082	0.1	0.9	1.0	3.1	—	4.1
2001	2,282	0.0	0.7	0.7	2.3	—	3.0
2002	1,660	0.0	1.3	1.3	3.3	—	4.5
2003	1,948	0.0	1.1	1.1	2.7	—	3.7
2004	2,346	0.8	0.9	1.7	2.6	—	4.3
2005	3,189	1.5	0.7	2.2	2.2	—	4.4
2006	4,200	1.1	0.6	1.7	1.9	—	3.6
2007	5,159	0.9	0.5	1.4	1.7	—	3.1
2008	10,728	0.4	0.3	0.6	0.8	—	1.4
2009	5,838	0.8	0.6	1.3	1.6	—	2.9
2010	5,513	0.9	0.8	1.7	1.7	—	3.4
2011	7,673	0.7	0.6	1.3	1.3	—	2.6
2012	9,485	0.8	0.4	1.3	1.1	—	2.3
2013	6,929	1.1	0.6	1.7	1.6	—	3.3
2014	5,390	1.4	0.7	2.1	2.0	—	4.1
2015	2,256	3.3	1.6	4.9	5.2	—	10.1
2016	1,533	4.0	2.3	6.3	7.6	—	13.9
2017	1,355	6.1	2.3	8.3	6.7	—	15.0
2018	2,414	3.7	1.1	4.8	4.6	—	9.4
2019	5,350	1.7	0.4	2.1	2.0	—	4.1
2020	4,529	1.7	0.5	2.2	2.2	—	4.5
2021	4,783	1.7	0.5	2.1	2.0	—	4.1
2022	6,939	1.1	0.3	1.4	1.2	—	2.6
2023	7,044	1.0	0.3	1.4	1.2	—	2.6
Projected*							
2024	6,486	1.1	0.3	1.5	1.1	2.1	4.7
2025	6,308	1.1	0.4	1.4	1.0	3.5	5.9
2026	6,302	1.1	0.4	1.4	0.8	3.5	5.7
2027	6,478	1.0	0.4	1.4	0.7	3.8	5.9
2028	6,536	1.0	0.4	1.4	0.6	3.9	5.9
2029	6,546	1.0	0.3	1.3	0.5	4.0	5.8
2030	6,551	1.0	0.3	1.3	0.5	4.1	5.9
2031	6,653	0.8	0.3	1.1	0.5	4.1	5.7
2032	6,900	0.8	0.3	1.0	0.4	4.1	5.5
2033	7,133	0.7	0.2	1.0	0.3	4.1	5.4

* The forecast for fiscal years 2024 through 2033 uses the projections included in the 2023 – 2024 Alaska Public Debt Book, which was based on available information as the Fall 2023 Revenue Sources Book and Forecast release.

** Certain ‘Total Payment to Revenue’ percentages may not foot in the table due to rounding.

Source: 2023 – 2024 Alaska Public Debt Book, published in January 2024.

FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) is executed and delivered by the State of Alaska, acting by and through its State Bond Committee (the “State”) in connection with the issuance of \$ _____ aggregate principal amount of Collateralized Bonds (Veterans Mortgage Program) 2024 First Series (the “Bonds”). The Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), dated as of October 1, 1999, as amended, and a 2024 First Series Supplemental Indenture thereto, by and between the Corporation and the Trustee, dated as of June 1, 2024 (collectively referred to herein as the “Indenture”). The State guarantees payment of principal of and interest on the Bonds. The State and the Trustee covenant and agree with the registered owners and beneficial owners of the Bonds as follows:

SECTION 1. Purpose of the Agreement. This Agreement is being executed and delivered by the State for the sole and exclusive benefit of the registered owners and beneficial owners of the Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Agreement.

“Disclosure State Representative” shall mean the Chairman of the State Bond Committee of the State or his or her designee.

“Fiscal Year” shall mean the fiscal year of the State (currently the 12-month period ending June 30, as such fiscal year may be changed from time to time as required by State law).

“Listed Events” shall mean any of the events listed in Section 5 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Bonds, dated _____, 2024.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

(a) The State shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2024) which is consistent with the requirements of Section 4 of this Agreement. The Annual Report shall be provided not later than January 31 of each year the Bonds are outstanding, commencing January 31, 2025. The State may adjust the Report Date if the State changes its Fiscal Year, by providing written notice of the change

of Fiscal Year and the new Report Date to the MSRB; provided that the new Report Date shall be seven months after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration. At the same time the Annual Report is provided to the MSRB, the State shall provide the Annual Report to the Trustee. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Agreement; provided that the audited financial statements of the State may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date.

(b) If, within 15 Business Days after the date specified in subsection (a) for providing the Annual Report to the MSRB, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the State to determine if the State is in compliance with subsection (a).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A to this Agreement, subject to Section 9 of this Agreement.

SECTION 4. Content of Annual Reports. The State's Annual Report shall be substantially in the form of the Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2023, and the Alaska Public Debt 2023 - 2024 report (together, the "Annual Report"). The Annual Report shall contain historical operating data and financial information of the type contained in Appendix A to the Official Statement. The financial statements of the State contained in the Annual Report will be prepared in conformity with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such year as in effect from time to time.

If not provided as part of the Annual Report by the date required (as described under "Provisions of Annual Reports"), the State shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Bonds or any other bonds of the State;
2. Non-payment related defaults under the Indenture and any supplemental indenture, if material;
3. Unscheduled draws on debt service reserve reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances of Bonds;

10. Release, substitution or sale of property securing repayment of the Bonds, if material;

11. Rating changes for the Bonds;

12. Bankruptcy, insolvency, receivership or similar event[†] of the State;

13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation[‡] of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Bondholders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the State shall as soon as possible file notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

[‡] For the purposes of the events identified in Paragraphs (15) and (16) above, the term “financial obligation” means: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of (A) or (B). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Notwithstanding the foregoing, no notice of a Listed Event need be given by the State if notice has theretofore been given by the Corporation.

SECTION 6. Termination of Reporting Obligation. The State's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The State may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the State under this Agreement, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the State may amend this Agreement if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the State or the type of business conducted thereby;

(b) The Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds as determined either by a party unaffiliated with the State (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Bonds pursuant to the terms of the Indenture.

The State shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. Except as described in this paragraph, the provisions of this Agreement will create no rights in any other person or entity. The obligation of the State to comply with the provisions of this Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Bonds, or by the Trustee on behalf of the registered owners of Outstanding Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the registered owners of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Agreement in the event

of any failure of the State or the Trustee to comply with this Agreement shall be an action to compel performance.

SECTION 11. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State, provided that, to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Corporation, the State, and the registered owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: _____

STATE OF ALASKA

By: _____

Deputy Commissioner
Department of Revenue

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION
as Trustee

By _____

Vice President

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the “Corporation”)

Name of Bond Issue: \$_____ Collateralized Bonds (Veterans Mortgage Program),
2024 First Series

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that _____ as
required by the agreement between the State and the Trustee.

Dated: _____

STATE OF ALASKA

By: _____

MEMORANDUM

STATE OF ALASKA
Department of Revenue

TO: State Bond Committee

DATE: March 18, 2024

FROM: Ryan Williams
Debt Manager
Treasury Division

TELEPHONE: 465-2893

SUBJECT: Report

The State of Alaska will be updating rating agencies with the Spring 2024 Revenue Sources Book and Forecast, with additional forthcoming updates subject to approval of Resolutions contained in this meeting for State of Alaska General Obligation Refunding Bonds, Series 2024A.

The “Alaska Public Debt Book 2023-2024” was posted to associated State / State Agency CUSIPs through the Municipal Securities Rulemaking Board’s EMMA website to meet the disclosure deadline of January 31, 2024. Additionally, that publication, along with the “Debt Affordability Statement” were posted on the DOR website.