

STATE OF ALASKA

STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 787 811 590#
Anchorage, AK 99501
February 7, 2025
10:00 AM Alaska Time



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
State of Alaska – Department of Revenue
550 W 7th Ave, Suite 670
Anchorage, AK 99501

Call-in: (907) 202-7104,
Conference ID: 787 811 590#

February 7, 2025, at 10:00 A.M. Alaska Time

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the December 9, 2024, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2025-01 – Authorizing 2025 Goose Creek Correctional Facility Refunding Issuance
- 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 - FEBRUARY 7, 2025

Notice is hereby given that the State of Alaska - State Bond Committee ("SBC") will hold a meeting on February 7, 2025, at 10:00 a.m. Alaska Time. This will be a telephonic meeting, with participation at (907) 202-7104, with code 787 811 590#.

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 December 9, 2024, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2025-01 - Authorizing 2025 Goose Creek Correctional Facility Refunding Issuance
- VIII. Debt Manager's Report
- IX. Committee Member Comments
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- XI. Adjournment

Dated January 28, 2025
(907) 465-2893

[Attachments, History, Details](#)

Attachments

[SBC Agenda 2-7-2025.pdf](#)

Revision History

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Details

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

Publish Date:	1/28/2025
Archive Date:	2/8/2025

Events/Deadlines:

**MINUTES of the
STATE BOND COMMITTEE
December 9, 2024**

A meeting of the State Bond Committee (SBC) was held at 3:01 p.m. Alaska Time on December 9, 2024. The meeting was held telephonically at 1-907-202-7104, with code 389 718 029#.

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")

Eric DeMoulin, Administrative Services Director, Delegate for the Department of Administration ("DOA")

Also present were:

Ryan Williams, Debt Manager, Department of Revenue

Jodi Lynn Gould, Alaska International Airports System Planner, DOT&PF

Gerard Deta, Finance Manager, Alaska Housing Finance Corporation

Derrick Chan, Alaska Housing Finance Corporation

Les Krusen, Orrick, Herrington & Sutcliffe, LLP, Bond Counsel to the SBC

Greg Blonde, Orrick, Herrington & Sutcliffe, LLP

Steven Kantor, Masterson Advisors, LLC, Municipal Advisor to the SBC

Kayla MacEwen, Masterson Advisors, LLC,

Paul Bloom, Managing Director, Goldman Sachs, Underwriter

Kyle Vinson, Goldman Sachs

Ken Ukaigwe, Goldman Sachs

Adil Dahlvani, Goldman Sachs

Alan Jaffe, Managing Director, Jefferies, LLC, Underwriter

Jack Kingston, Jefferies, LLC

I. Call to Order

Committee members Eric DeMoulin, Fadil Limani, and Micaela Fowler were present. Ms. Fowler called the meeting to order at 3:01 p.m. Alaska Time on December 9, 2024.

II. Roll Call

Mr. Williams took roll call. Mr. DeMoulin, 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 November 29, 2024, for the December 9, 2024, meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Mr. Limani moved approval of the Agenda as written and Mr. DeMoulin seconded approval. Ms. Fowler asked Mr. Williams to take a roll call vote. Mr. Williams conducted a roll call vote and there were three 'yes' votes and the Agenda was unanimously approved and adopted by SBC members.

V. Minutes of the July 9, 2024, SBC Meeting

The Meeting Minutes of the July 9, 2024, SBC Meeting was reviewed by the committee. The Minutes needed no modifications. Mr. Limani moved adoption of the minutes as written, and approval was seconded by Mr. DeMoulin. Mr. Williams conducted a roll call vote and there were three 'yes' votes and the July 9, 2024, 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

Supplemental Resolution No. 2024-04 – Providing for the Issuance and Sale of State of Alaska International Airports System Revenue Refunding Bonds, Series 2025A and Series 2025B (Forward Delivery)

Mr. Williams introduced Supplemental Resolution 2024-04 relating to the issuance and sale of State of Alaska International Airports System (the "System" or "AIAS") Revenue Refunding Bonds, in one or more series, including a forward delivery series, in the aggregate principal amount of not to exceed \$130,000,000. Mr. Williams stated that Resolution 2024-04 would approve the sale of such bonds to effectuate a refunding and/or a tender and authorize the Designated Representative to approve the number of series, interest rates, maturity dates, redemption provisions and principal amounts for the bonds under the terms and conditions set forth therein. Mr. Williams noted that Resolution 2024-04 expires 120-days after adoption. The revenue refunding bonds, the Series 2025A and 2025B (Forward Delivery) would be issued to refund certain maturities of the System's Series 2016A and 2016B, which are callable on October 1, 2025. Mr. Williams noted that there is current par outstanding of those Series of approximately \$135.87 million. Mr. Williams noted that Supplemental Resolution 2024-04 sets forth the

Designated Representative to effectuate the issuance, with those representatives defined as the Debt Manager, and Department of Revenue delegate to the State Bond Committee, Deputy Commissioner Limani. Mr. Williams then noted that the committee packet contains a form of preliminary official statements and draft schedule. Mr. Limani moved to approve Supplemental Resolution 2024-04, and there was a second by Mr. DeMoulin, for purposes of discussion. Ms. Fowler asked for any additional comments from the committee. There were no additional comments. Mr. Fowler asked for a roll call vote. Mr. Williams took a roll call vote, and the State Bond Committee then unanimously approved Supplemental Resolution 2024-04 with three yes votes.

SBC Resolution No. 2024-05 – Providing for Clean Water Revenue Bond Anticipation Notes (“BANs”) 2024 Series A, and Drinking Water Revenue BANs 2024 Series B

Mr. Williams noted that he has been working with DEC, DOA, and DOR regarding the annual overnight Revenue BAN transaction for the Alaska Clean Water and Drinking Water Funds (“CW / DW” Funds). Mr. Williams stated that DEC had provided amounts necessary for the annual overnight borrowing through a request for both the CW and DW funds related to their calculation for federal match requirements. Mr. Williams stated that for several years Orrick and KeyBank have assisted with the overnight borrowing transaction for the Funds and both Orrick and KeyBank have kindly agreed to do so for the fiscal year 2025 transaction, which is anticipated to occur on December 18th and 19th, 2024. Mr. Williams noted that 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 2024-05, and the parameters are anticipated to be final with final confirmation and review directly after the SBC meeting. The Resolution 2024-05 contains an issuance cost and interest fee cap at \$15,000, with estimated costs expected to come in less than \$10,000. Mr. Williams described Resolution 2024-05 in more detail, noting that the resolution provides for a CW Revenue BANs, 2024 Series A, with aggregate principal amount of up to \$1,000,007, and a DW Revenue BANs, 2024 Series B, with aggregate principal amount of up to \$962,000. Mr. Williams noted that the purchase contract for the notes shall be entered into through the Designated Representatives, Debt Manager or Deputy Commissioner Limani as secretary to the SBC, within no later than 75 days, and the total costs of issuance of the Notes, including total interest payable on the Notes, shall not exceed \$15,000. Mr. Williams noted that we’re entering the second decade conducting the CW/DW transaction with this structure. Ms. Fowler asked for any additional comments from the committee. Mr. Limani moved to adopt Resolution 2024-05, and Mr. DeMoulin seconded the motion. Mr. Williams took a roll call vote, and the State Bond Committee then approved Resolution 2024-05 with three yes votes, a unanimous vote by SBC members.

SBC Resolution No. 2024-06 – Providing for the December 31, 2024, allocation of Private Activity Bond Volume Limit (PABVL) for the State of Alaska for Calendar Year 2024

Mr. Williams noted that Resolution 2024-06 before the committee relates to the State of Alaska’s allocation of the PABVL for calendar year 2024. 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 2024 volume cap available is \$378,230,000, 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 nine or more years. Mr. Limani moved to adopt Resolution 2024-06, and Mr. DeMoulin seconded. There was no additional discussion. Mr. Williams conducted a roll-call vote and there were three 'yes' votes and Resolution 2024-06 authorizing the allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2024 in the amount of \$378,230,000 to AHFC, provided for as of December 31, 2024, was approved unanimously by SBC members.

VIII. Debt Manager's Report

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

The State's issuance of the Series 2024B and 2025A (forward delivery) bonds priced on August 6th. The post-pricing book from the State's financial advisor Masterson Advisors was distributed to the committee. Some of the highlights include the issuance of \$190.43 million in par to refund the State's General Obligation Bonds - Series 2015B, 2016A, and 2016B with total principal for redemption of approximately \$203.9 million. The Series 2024B bonds closed on August 15, 2024, and the Series 2025A (forward delivery) bonds will close on May 6, 2025. Upon closing of the 2025A, with recent closing of the 2024B, total gross savings of the current and forward transaction results in approximately \$19.5 million in gross savings, and net present value savings of \$16.5 million. The Series 2024B Bonds achieved a True Interest Cost of approximately 2.816% with final maturity on 8/1/2035, and the Series 2025A Bonds achieved a True Interest Cost of 3.205% with final maturity on 8/1/2035 (the final maturity of the refunded bonds did not change, with general uniformity of savings on a fiscal year basis).

Budget process – I have been providing information to OMB to identify the FY 2026 debt service needs of the State.

The State's continuing disclosures for outstanding debt are required. Documents, once publicly available, include the Fall 2024 RSB, FY 2024 ACFR, State Debt Book 2024-2025, Debt Affordability Analysis, and other specific reporting for the state as well as certain state agencies.

AHFC closed on an issuance with respect to the \$75,000,000 Alaska Housing Finance Corporation Collateralized Bonds (Veterans Mortgage Program) 2024 First Series (Non-AMT), on July 30, 2024.

IX. Committee Member Comments

There were none.

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 and anticipates the need for a meeting in the beginning of calendar year 2025.

XI. Adjournment

Adjournment of the meeting was moved by Mr. Limani and seconded by Ms. Fowler. The meeting was adjourned at approximately 3:36 p.m. Alaska Time.

Anna Latham, Deputy Commissioner, Department of Commerce,
Community, and Economic Development

ATTEST:

Fadil Limani, Deputy Commissioner, Department of Revenue

STATE BOND COMMITTEE

RESOLUTION NO. 2025-01

A Resolution of the State Bond Committee of the State of Alaska authorizing a Designated Representative and other appropriate officials of the State of Alaska to approve and to execute and deliver one or more amendments to the State's lease of the Goose Creek Correctional Center, to approve information relating to the State of Alaska to be included in a Preliminary Official Statement and in an Official Statement and to execute the necessary documents in connection with the sale and issuance by the Matanuska-Susitna Borough of its State of Alaska Lease Revenue Refunding Bonds, Series 2025 (Goose Creek Correctional Center Project).

WHEREAS, Ch. 160, SLA 2004 (the "2004 Act") authorized the construction of a new correctional facility (the "Facility") in the Matanuska-Susitna Borough, Alaska, a second class borough of the State of Alaska (the "Borough"); and

WHEREAS, the Borough entered into a Memorandum of Understanding with the State of Alaska, Department of Corrections ("DOC") and the State of Alaska Department of Administration ("DOA"), with respect to the planning for the Facility located on certain real property situated in the Borough; and

WHEREAS, DOA is authorized by AS 36.30.080 and 36.30.085 to enter into leases and to participate in lease financings; and as the leasing agent of the State pursuant to AS 36.30.080, DOA acted on behalf of DOC in implementing the 2004 Act; and

WHEREAS, the 2004 Act further provided that the Borough initially shall own the Facility, with the agreement that the State of Alaska (the "State") acquire the Facility upon performance by DOA under the Lease Purchase Agreement defined below; and

WHEREAS, DOA, as leasing agent for DOC, entered into a Lease Purchase Agreement, dated December 1, 2008 (as amended on October 26, 2010, April 1, 2015 and August 1, 2016, the "Original Lease Purchase Agreement") with the Borough, pursuant to which DOA agreed, *inter alia*, to make payments sufficient to pay the principal of and interest on revenue bonds of the Borough; and

WHEREAS, pursuant to Ordinance Serial No. 08-139 (AM) of the Borough and a Trust Indenture, dated as of December 1, 2008 (as amended as of April 1, 2015 and as of August 1, 2016, and as the same may be further amended, the "Trust Indenture") between the Borough and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the Trustee executed and delivered \$244,285,000 aggregate principal amount of Matanuska-Susitna Borough State of Alaska Lease Revenue Bonds, Series 2008 (Goose Creek Correctional Center Project) (the "2008 Bonds"); and

WHEREAS, in April 2015, with the approval of the State Debt Manager on behalf of the State Bond Committee pursuant to Resolution No. 2015-03 of the State Bond Committee, the

Borough refunded \$101,850,000 aggregate principal amount of the 2008 Bonds stated to mature on September 1, 2028 and September 1, 2032, using proceeds of the Matanuska-Susitna Borough State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the “2015 Bonds”); and

WHEREAS, in August 2016, with the approval of the State Debt Manager on behalf of the State Bond Committee pursuant to Resolution No. 2016-06 of the State Bond Committee, the Borough further refunded \$59,340,000 aggregate principal amount of the 2008 Bonds stated to mature on September 1, 2023 and September 1, 2028, using proceeds of the Matanuska-Susitna Borough State of Alaska Lease Revenue Refunding Bonds, Series 2016 (Goose Creek Correctional Center Project); and

WHEREAS, pursuant to the Trust Indenture, 2015 Bonds maturing on or after September 1, 2026, are subject to redemption prior to maturity, at the option of the Borough, in whole or in part, on and after September 1, 2025, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date; and

WHEREAS, the Borough may redeem all or a portion of the 2015 Bonds (the “Refunding Candidates”) or purchase through a tender offer (the “Tender Transaction”) all or a portion of the 2015 Bonds (the “Target Bonds”); and

WHEREAS, at the direction of the State, the Borough plans to authorize the issuance and sale of its State of Alaska Lease Revenue Refunding Bonds, Series 2025 (Goose Creek Correctional Center Project), in one or more series, in the aggregate principal amount not to exceed \$110,000,000 (the “2025 Bonds”) to refund all or a portion of the Refunding Candidates, or purchase through the Tender Transaction all or a portion of the Target Bonds; and

WHEREAS, it appears to the State Bond Committee that it is in the best interest of the State that the 2025 Bonds be issued by the Borough, including by forward delivery, if necessary or desired, as permitted under the Trust Indenture and subject to the further conditions set forth in this Resolution; and

WHEREAS, the issuance of the 2025 Bonds is expected to result in lease payments by the DOA that are lower than the lease payments under the Original Lease Purchase Agreement and that a corresponding amendment to the Original Lease Purchase Agreement would reflect the lower lease payments for the State; and

WHEREAS, the Borough has determined to sell the 2025 Bonds by negotiated sale to RBC Capital Markets, LLC and BofA Securities, Inc. (the “Underwriters”); and

WHEREAS, the Borough is preparing a preliminary official statement (the “Preliminary Official Statement”) with respect to the 2025 Bonds in connection with the offer of the 2025 Bonds to investors and will prepare a final official statement (the “Official Statement”) for delivery to initial purchasers of the 2025 Bonds, which Preliminary Official Statement and Official Statement will include information about the State, as the lessee of the Facility; and

WHEREAS, the Borough’s bond purchase agreement(s) with the Underwriters require the State to execute and deliver a Continuing Disclosure Certificate (the “Continuing Disclosure

Certificate”) to evidence the State’s obligation to provide continuing disclosure, as well as certain other documents relating to the 2025 Bond financing, and one of such agreements contemplates a forward delivery of certain of the 2025 Bonds; and

WHEREAS, the State Bond Committee may delegate authority to a Designated Representative (as defined below) to approve and accept an offer pursuant to a Tender Transaction, to direct the Borough to take actions pursuant to the ordinances related to the 2015 Bonds or the 2025 Bonds (the “Borough Ordinances”), and to execute and deliver any documents required to consummate the transactions contemplated under this Resolution;

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

Section 1. Delegation and Authorization of the Designated Representative. The State Debt Manager, the Secretary of the Committee or their respective designees (each, a “Designated Representative”) are hereby authorized on behalf of the State Bond Committee to approve and direct the Borough with regard to the designation of the Refunding Candidates to be refunded by the 2025 Bonds and the designation of the Target Bonds to be tendered for purchase by the Borough using proceeds of the 2025 Bonds, the solicitation of offers for the Tender Transaction, the acquisition of tendered Target Bonds by the Borough and the negotiation and approval of the terms for the purchase of Target Bonds tendered pursuant to any offer, and the sale and issuance of the 2025 Bonds by the Borough, provided that the aggregate principal amount of the 2025 Bonds does not exceed \$110,000,000 and the net present value aggregate savings effected as a result of the issuance of the 2025 Bonds, after payment of all costs of issuance of the 2025 Bonds, is advantageous to and in the best interest of the State and its inhabitants. The State Bond Committee hereby authorizes the Designated Representative to review and approve, on behalf of the State, the information about the State, including DOA and DOC, to be included in the Preliminary Official Statement and the Official Statement for the 2025 Bonds. The Designated Representative is hereby authorized to execute and deliver certificates to the Underwriters regarding such disclosure information, but only to the extent that such certificates have been reviewed and approved by the Designated Representative prior to the execution by the Borough of the bond purchase agreement(s) with the Underwriters for the 2025 Bonds.

The State Bond Committee hereby authorizes the Designated Representative and all other appropriate State officials to execute and deliver one or more letters of representation, if any, the Continuing Disclosure Certificate, documents or certificates related to the Tender Transaction, including, but not limited to a dealer-manager agreement with one or more of the Underwriters, as dealer managers, or such other parties as may be appointed as dealer managers with respect to the Tender Transaction, documents or certificates related to the refunding of the Refunding Candidates, and any and all other documents, agreements or certificates required to be executed on behalf of the State in connection with the sale and issuance of the 2025 Bonds or to consummate the transactions set forth in this Resolution.

Further, the Designated Representative may direct the Borough to take necessary actions pursuant to the terms of this Resolution and the Borough Ordinances.

The delegation and authorization of the Designated Representative pursuant to this Section 1 shall expire if the bond purchase agreement(s) with the Underwriters for the 2025 Bonds are not executed and delivered on or before June 30, 2025.

Section 2. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, the 7th day of February, 2025.

STATE OF ALASKA
STATE BOND COMMITTEE

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

ERIC DEMOULIN
Division Director, Department of Administration
Member
Alaska State Bond Committee

FADIL LIMANI
Deputy Commissioner, Department of Revenue
Secretary and 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 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. 2025-01 of the Committee (the “Resolution”), duly passed at a meeting thereof held on February 7, 2025.

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 7th day of February, 2025.

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



Matanuska-Susitna Borough

State of Alaska Lease Revenue Refunding Bonds (Goose Creek Correctional Center Project) Series 2025A and Series 2025B (Forward Delivery)

Distribution List as of January 2, 2025

Obligor		
<u>State of Alaska Department of Revenue</u>		
550 W 7th Avenue Suite 670 Anchorage, AK 99501		
Adam Crum <i>Commissioner</i>	(907) 465-2300	Adam.Crum@alaska.gov
Fadil Limani <i>Deputy Commissioner</i>	(907) 312-9236	Fadil.Limani@alaska.gov
<u>State of Alaska Department of Revenue</u>		
333 Willoughby Avenue, 11th Floor Post Office Box 110405 Juneau, Alaska 99811		
Ryan Williams <i>Debt Manager</i>	(907) 465-2893	ryan.williams@alaska.gov
Issuer		
<u>Matanuska Susitna Borough</u>		
350 East Dahlia Avenue Palmer, AK 99645-6488		
Cheyenne Heindel <i>Finance Director</i>	(907) 861-8630	cheyenne.heindel@matsugov.us
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Municipal Advisor to the State

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Municipal Advisor to the Borough

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Senior Managing Underwriter

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SOURCES AND USES OF FUNDS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Sources:	Series 2025A	Series 2025B (Forward Delivery)	Total
Bond Proceeds:			
Par Amount	49,300,000.00	49,085,000.00	98,385,000.00
Premium	3,938,476.80	3,418,032.90	7,356,509.70
	<u>53,238,476.80</u>	<u>52,503,032.90</u>	<u>105,741,509.70</u>
Other Sources of Funds:			
Accrued Interest from Debt Service Fund	137,259.50	671,849.11	809,108.61
	<u>53,375,736.30</u>	<u>53,174,882.01</u>	<u>106,550,618.31</u>
Uses:	Series 2025A	Series 2025B (Forward Delivery)	Total
Refunding Escrow Deposits:			
Cash Deposit	53,128,666.30	0.24	53,128,666.54
SLGS Purchases		<u>52,927,506.00</u>	<u>52,927,506.00</u>
	<u>53,128,666.30</u>	<u>52,927,506.24</u>	<u>106,056,172.54</u>
Delivery Date Expenses:			
Cost of Issuance	123,250.00	122,712.50	245,962.50
Underwriter's Discount	<u>123,250.00</u>	<u>122,712.50</u>	<u>245,962.50</u>
	<u>246,500.00</u>	<u>245,425.00</u>	<u>491,925.00</u>
Other Uses of Funds:			
Additional Proceeds	570.00	1,950.77	2,520.77
	<u>53,375,736.30</u>	<u>53,174,882.01</u>	<u>106,550,618.31</u>

BOND SUMMARY STATISTICS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

	Series 2025A	Series 2025B (Forward Delivery)	Aggregate		
Earliest Dated Date	03/20/2025	06/04/2025	03/20/2025		
Earliest Delivery Date	03/20/2025	06/04/2025	03/20/2025		
First Coupon	09/01/2025	09/01/2025	09/01/2025		
Last Maturity	09/01/2032	09/01/2032	09/01/2032		
Arbitrage Yield	3.196234%	3.196234%	3.196234%		
True Interest Cost (TIC)	3.173155%	3.339304%	3.253748%		
Net Interest Cost (NIC)	3.334602%	3.488400%	3.334347%		
All-In TIC	3.229363%	3.398595%	3.311446%		
Average Coupon	5.000000%	5.000000%	4.889653%		
Average Life (years)	4.647	4.441	4.647		
Weighted Average Maturity (years)	4.701	4.491	4.597		
Duration of Issue (years)	4.200	4.024	4.215		
Par Amount	49,300,000.00	49,085,000.00	98,385,000.00		
Bond Proceeds	53,238,476.80	52,503,032.90	105,741,509.70		
Total Interest	11,454,402.78	10,900,110.42	22,354,513.20		
Net Interest	7,639,175.98	7,604,790.02	15,243,966.00		
Total Debt Service	60,754,402.78	59,985,110.42	120,739,513.20		
Maximum Annual Debt Service	8,349,125.00	8,313,125.00	16,659,000.00		
Average Annual Debt Service	8,157,995.15	8,283,329.40	16,212,691.07		
Underwriter's Fees (per \$1000)					
Average Takedown					
Other Fee	2.500000	2.500000	2.500000		
Total Underwriter's Discount	2.500000	2.500000	2.500000		
Bid Price	107.738797	106.713498	107.227268		
Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	98,385,000.00	107.477	5.000%	4.544	42,808.55
	98,385,000.00			4.544	42,808.55

BOND SUMMARY STATISTICS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

	TIC	All-In TIC	Arbitrage Yield
Par Value	98,385,000.00	98,385,000.00	98,385,000.00
+ Accrued Interest			
+ Premium (Discount)	7,356,509.70	7,356,509.70	7,356,509.70
- Underwriter's Discount	-245,962.50	-245,962.50	
- Cost of Issuance Expense		-245,962.50	
- Other Amounts			
Target Value	105,495,547.20	105,249,584.70	105,741,509.70
Target Date	Multiple	Multiple	Multiple
Yield	3.253748%	3.311446%	3.196234%

SUMMARY OF REFUNDING RESULTS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

	Series 2025A	Series 2025B (Forward Delivery)	Total
Dated Date	03/20/2025	06/04/2025	03/20/2025
Delivery Date	03/20/2025	06/04/2025	03/20/2025
Arbitrage Yield	3.196234%	3.196234%	3.196234%
Escrow Yield		4.464954%	4.464954%
Value of Negative Arbitrage		-159,470.07	-159,470.07
Bond Par Amount	49,300,000.00	49,085,000.00	98,385,000.00
True Interest Cost	3.173155%	3.339304%	3.253748%
Net Interest Cost	3.334602%	3.488400%	3.334347%
All-In TIC	3.229363%	3.398595%	3.311446%
Average Coupon	5.000000%	5.000000%	4.889653%
Average Life	4.647	4.441	4.647
Weighted Average Maturity	4.701	4.491	4.699
Par amount of refunded bonds	52,195,000.00	52,195,000.00	104,390,000.00
Average coupon of refunded bonds	4.910329%	4.906979%	4.800070%
Average life of refunded bonds	4.645	4.439	4.645
Remaining weighted average maturity of refunded bonds	4.589	4.383	4.589
Net PV Savings	2,922,916.76	3,125,964.66	6,048,881.42
Percentage savings of refunded bonds	5.599994%	5.989012%	5.794503%
Percentage savings of refunding bonds	5.928837%	6.368472%	6.148174%

SUMMARY OF REFUNDING RESULTS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Dated Date	03/20/2025
Delivery Date	03/20/2025
Arbitrage yield	3.196234%
Escrow yield	4.464954%
Value of Negative Arbitrage	-159,470.07
Bond Par Amount	98,385,000.00
True Interest Cost	3.253748%
Net Interest Cost	3.334347%
All-In TIC	3.311446%
Average Coupon	4.889653%
Average Life	4.647
Weighted Average Maturity	4.699
Par amount of refunded bonds	104,390,000.00
Average coupon of refunded bonds	4.800070%
Average life of refunded bonds	4.645
Remaining weighted average maturity of refunded bonds	4.589
PV of prior debt to 03/20/2025 @ 3.196234%	112,244,491.74
Net PV Savings	6,048,881.42
Percentage savings of refunded bonds	5.794503%
Percentage savings of refunding bonds	6.148174%

SUMMARY OF BONDS REFUNDED

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project), 2015, SERIALS:					
	09/01/2026	5.250%	6,372,500.00	03/20/2025	101.749
	09/01/2027	5.250%	6,715,000.00	03/20/2025	101.756
	09/01/2028	5.250%	7,077,500.00	03/20/2025	101.746
	09/01/2029	5.250%	7,457,500.00	03/20/2025	101.738
	09/01/2030	4.000%	7,810,000.00	03/20/2025	100.788
	09/01/2031	5.000%	8,172,500.00	03/20/2025	101.522
	09/01/2032	5.000%	8,590,000.00	03/20/2025	101.490
	09/01/2026	5.250%	6,372,500.00	09/01/2025	100.000
	09/01/2027	5.250%	6,715,000.00	09/01/2025	100.000
	09/01/2028	5.250%	7,077,500.00	09/01/2025	100.000
	09/01/2029	5.250%	7,457,500.00	09/01/2025	100.000
	09/01/2030	4.000%	7,810,000.00	09/01/2025	100.000
	09/01/2031	5.000%	8,172,500.00	09/01/2025	100.000
	09/01/2032	5.000%	8,590,000.00	09/01/2025	100.000
			104,390,000.00		

SAVINGS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings @	Present Value to 03/20/2025 3.1962344%
06/30/2026	5,201,412.52	809,108.61	4,392,303.91	4,155,138.20	237,165.71	231,638.21
06/30/2027	17,611,856.26		17,611,856.26	16,658,250.00	953,606.26	909,217.89
06/30/2028	17,609,762.50		17,609,762.50	16,655,875.00	953,887.50	881,625.83
06/30/2029	17,610,656.26		17,610,656.26	16,652,000.00	958,656.26	858,934.27
06/30/2030	17,607,568.76		17,607,568.76	16,650,000.00	957,568.76	831,754.62
06/30/2031	17,608,650.00		17,608,650.00	16,653,000.00	955,650.00	803,450.17
06/30/2032	17,612,625.00		17,612,625.00	16,659,000.00	953,625.00	777,005.84
06/30/2033	17,609,500.00		17,609,500.00	16,656,250.00	953,250.00	752,746.49
	128,472,031.30	809,108.61	127,662,922.69	120,739,513.20	6,923,409.49	6,046,373.32

Savings Summary

Deliv Date	Refunding Funds on Hand	Total	Present Value to 03/20/2025 @ 3.1962344%
03/20/2025	570.00	570.00	570.00
06/04/2025	1,950.77	1,950.77	1,938.10
			2,508.10

PV of savings from cash flow	6,046,373.32
Adjustments	2,508.10
Net PV Savings	6,048,881.42

SAVINGS

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Annual Savings	PV Factor @	Present Value to 03/20/2025 3.1962344%	Annual PV Savings
09/01/2025	2,600,706.26	809,108.61	1,791,597.65	1,695,513.20	96,084.45		0.985918827	94,731.47	
03/01/2026	2,600,706.26		2,600,706.26	2,459,625.00	141,081.26		0.970410529	136,906.74	
06/30/2026						237,165.71			231,638.21
09/01/2026	15,345,706.26		15,345,706.26	14,499,625.00	846,081.26		0.955146174	808,131.28	
03/01/2027	2,266,150.00		2,266,150.00	2,158,625.00	107,525.00		0.940121924	101,086.61	
06/30/2027						953,606.26			909,217.89
09/01/2027	15,696,150.00		15,696,150.00	14,813,625.00	882,525.00		0.925334002	816,630.39	
03/01/2028	1,913,612.50		1,913,612.50	1,842,250.00	71,362.50		0.910778691	64,995.44	
06/30/2028						953,887.50			881,625.83
09/01/2028	16,068,612.50		16,068,612.50	15,142,250.00	926,362.50		0.896452332	830,439.82	
03/01/2029	1,542,043.76		1,542,043.76	1,509,750.00	32,293.76		0.882351324	28,494.44	
06/30/2029						958,656.26			858,934.27
09/01/2029	16,457,043.76		16,457,043.76	15,489,750.00	967,293.76		0.868472121	840,067.66	
03/01/2030	1,150,525.00		1,150,525.00	1,160,250.00	-9,725.00		0.854811236	-8,313.04	
06/30/2030						957,568.76			831,754.62
09/01/2030	16,770,525.00		16,770,525.00	15,860,250.00	910,275.00		0.841365233	765,873.74	
03/01/2031	838,125.00		838,125.00	792,750.00	45,375.00		0.828130734	37,576.43	
06/30/2031						955,650.00			803,450.17
09/01/2031	17,183,125.00		17,183,125.00	16,252,750.00	930,375.00		0.815104410	758,352.77	
03/01/2032	429,500.00		429,500.00	406,250.00	23,250.00		0.802282987	18,653.08	
06/30/2032						953,625.00			777,005.84
09/01/2032	17,609,500.00		17,609,500.00	16,656,250.00	953,250.00		0.789663243	752,746.49	
06/30/2033						953,250.00			752,746.49
	128,472,031.30	809,108.61	127,662,922.69	120,739,513.20	6,923,409.49	6,923,409.49		6,046,373.32	6,046,373.32

Savings Summary

Deliv Date	Refunding Funds on Hand	Total	Present Value to 03/20/2025 @ 3.1962344%
03/20/2025	570.00	570.00	570.00
06/04/2025	1,950.77	1,950.77	1,938.10
			2,508.10

PV of savings from cash flow	6,046,373.32
Adjustments	2,508.10
Net PV Savings	6,048,881.42

PRIOR BOND DEBT SERVICE

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2026			5,201,412.52	5,201,412.52
06/30/2027	12,745,000	5.250%	4,866,856.26	17,611,856.26
06/30/2028	13,430,000	5.250%	4,179,762.50	17,609,762.50
06/30/2029	14,155,000	5.250%	3,455,656.26	17,610,656.26
06/30/2030	14,915,000	5.250%	2,692,568.76	17,607,568.76
06/30/2031	15,620,000	4.000%	1,988,650.00	17,608,650.00
06/30/2032	16,345,000	5.000%	1,267,625.00	17,612,625.00
06/30/2033	17,180,000	5.000%	429,500.00	17,609,500.00
	104,390,000		24,082,031.30	128,472,031.30

BOND DEBT SERVICE

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2026			4,155,138.20	4,155,138.20
06/30/2027	12,040,000	5.000%	4,618,250.00	16,658,250.00
06/30/2028	12,655,000	5.000%	4,000,875.00	16,655,875.00
06/30/2029	13,300,000	5.000%	3,352,000.00	16,652,000.00
06/30/2030	13,980,000	5.000%	2,670,000.00	16,650,000.00
06/30/2031	14,700,000	5.000%	1,953,000.00	16,653,000.00
06/30/2032	15,460,000	5.000%	1,199,000.00	16,659,000.00
06/30/2033	16,250,000	5.000%	406,250.00	16,656,250.00
	98,385,000		22,354,513.20	120,739,513.20

BOND DEBT SERVICE

State of Alaska Lease Revenue Refunding Bonds, Series 2025

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2025			1,695,513.20	1,695,513.20	
03/01/2026			2,459,625.00	2,459,625.00	
06/30/2026					4,155,138.20
09/01/2026	12,040,000	5.000%	2,459,625.00	14,499,625.00	
03/01/2027			2,158,625.00	2,158,625.00	
06/30/2027					16,658,250.00
09/01/2027	12,655,000	5.000%	2,158,625.00	14,813,625.00	
03/01/2028			1,842,250.00	1,842,250.00	
06/30/2028					16,655,875.00
09/01/2028	13,300,000	5.000%	1,842,250.00	15,142,250.00	
03/01/2029			1,509,750.00	1,509,750.00	
06/30/2029					16,652,000.00
09/01/2029	13,980,000	5.000%	1,509,750.00	15,489,750.00	
03/01/2030			1,160,250.00	1,160,250.00	
06/30/2030					16,650,000.00
09/01/2030	14,700,000	5.000%	1,160,250.00	15,860,250.00	
03/01/2031			792,750.00	792,750.00	
06/30/2031					16,653,000.00
09/01/2031	15,460,000	5.000%	792,750.00	16,252,750.00	
03/01/2032			406,250.00	406,250.00	
06/30/2032					16,659,000.00
09/01/2032	16,250,000	5.000%	406,250.00	16,656,250.00	
06/30/2033					16,656,250.00
	98,385,000		22,354,513.20	120,739,513.20	120,739,513.20

APPENDIX A
INFORMATION CONCERNING THE STATE OF ALASKA

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STATE OF ALASKA REVENUES AND RESOURCES

General

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 Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes or statewide property tax with the exception of taxation of certain oil and gas activities and properties. 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 2024. 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 23.9 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 15.8 percent, trade, transportation, and utilities, making up 19.9 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment (Alaska Department of Labor and Workforce Development, Research & Analysis, Preliminary and adjusted estimates; 2024 Annual Average). The State's unemployment rate in December 2024 was 4.7 percent (seasonally adjusted, preliminary), 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.

The Department of Revenue releases a formal state revenue forecast twice per year. The revenue forecast is intended to be a policy-neutral document that provides fundamental data and information to inform the public and aid decision-makers. 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 2024 Revenue Sources Book and Forecast ("the "Fall 2024 Revenue Forecast"), released by the Department of Revenue on December 12, 2024. The next forecast update, the Spring 2025 Revenue Forecast, is anticipated to be released in March 2025.

The State may complete the Spring 2025 Revenue Forecast, which contains updates for the current fiscal year 2025 and all future forecast periods, and may contain updates and projection to certain Infrastructure and Jobs At ("IIJA") federal funding projections that have been reviewed in consultation with the Office of Management and Budget ("OMB") after the posting of the Official Statement for the Bonds. The State will not incorporate information contained in the Spring 2025 Revenue Forecast, anticipated to be released on March 14, 2025, in the associated Appendix into the Official Statement.

The Fall 2024 Revenue Forecast reflects a decrease in expected unrestricted General Fund revenue for fiscal years 2025 and 2026, compared to the Spring 2024 Revenue Forecast, released by the Department

of Revenue on March 14, 2024 (the “Spring 2024 Revenue Forecast”). The decreases in expected unrestricted General Fund revenue contained in the Fall 2024 Revenue Forecast are largely a function of the Alaska North Slope (“ANS”) oil price forecast decreasing by \$4.14 and \$4.00 per barrel for fiscal years 2025 and 2026, respectively. The ANS oil production forecast has been adjusted to 466.6 thousand barrels of oil per day for fiscal year 2025 and 469.5 thousand barrels of oil per day for fiscal year 2026, representing a decrease of approximately 10,200 barrels of oil per day for fiscal year 2025 and a decrease of approximately 12,600 barrels of oil per day for fiscal year 2026 when compared to the Spring 2024 Revenue Forecast. The decreases in expected unrestricted General Fund revenue are partially offset by forecasted modest increases to non-petroleum revenue of \$67 million in fiscal year 2025, and \$38 million in fiscal year 2026.

The Fall 2023 Revenue Forecast, released December 14, 2023, included the most recent forecast for federal revenue related to the IIJA, as of November 30, 2023. The IIJA, passed by Congress in November 2021, included \$550 billion in investments for transportation, water, power and energy, environmental remediation, broadband and cybersecurity, carbon reduction, and resilience. The legislation targets disadvantaged communities, a designation which applies to most of Alaska. 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 estimated at \$5.4 billion. These include \$1 billion for a new Broadband Equity, Access, and Development Program; \$136 million for the Clean Water State Revolving and Drinking Water State Revolving Funds; and \$53 million for the Alaska Energy Authority’s (“AEA”) State Energy Program, Energy Efficiency, and Revolving Loan Fund, Energy Efficiency and Conservation, and Weatherization Assistance Program. The Department of Transportation and Public Facilities (“DOTPF”) 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 and Alaska is number one in per capita funding under IIJA. There can be no assurance that federal grants currently available to the State will not decrease or cease and grant awards are subject to amendment or repeal.

The Inflation Reduction Act, passed by Congress in August 2022 (the “IRA”), provides \$369 billion to address climate-related issues by expanding tax credits for clean energy and electric vehicles, boosting energy efficiency, establishing a national climate bank, supporting climate-smart agriculture, supporting production of sustainable aviation fuel, reducing air pollution at ports, among other items. Nearly three-quarters of the IRA’s climate change investment (\$270 billion) is delivered through tax incentives and will have no impact on the State’s spending or federal revenue. The federal funds forecast included in the Fall 2024 Revenue Forecast includes \$74.5 million total across federal fiscal years 2022-2031 to support a Home Energy Rebate program, and no additional IRA impacts to revenue are reflected in the forecast.

The federal tax incentives included in the IRA could provide material support for some new projects in Alaska. For example, expanded tax credits for carbon sequestration projects could provide incentives for projects in Alaska that would otherwise not be viable. The Department of Revenue continues to monitor these incentives for potential State revenue impacts.

Historically, petroleum-related revenue had 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, 44 percent in fiscal year 2023, and 37 percent in fiscal year 2024. In the Fall 2024 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 30 percent in fiscal year 2025 and 28 percent in fiscal year 2026.

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 \$3.5 billion to General Fund revenue in fiscal year 2024, and is expected to transfer approximately \$3.7 billion and \$3.8 billion to General Revenue in fiscal years 2025 and 2026, 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 2023, was \$1,312 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2024, was \$1,702 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 \$70.5 billion as of December 31, 2024, unaudited, may not be spent without amending the State Constitution. The balance of the Permanent Fund Earnings Reserve which was approximately \$9.1 billion as of December 31, 2024, unaudited (subsequent to June 30, 2024, this amount includes approximately \$3.8 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year, and \$1.0 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 2024 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$6,228.6 million in fiscal year 2025 and \$6,198.8 million in fiscal year 2026, compared to \$6,631.2 million in fiscal year 2024, \$7,066.0 million in fiscal year 2023, and \$6,939.2 million in fiscal year 2022.

In the Fall 2024 Revenue Forecast, the State forecasts that ANS oil prices will average \$73.86 in fiscal year 2025 and \$70.00 in fiscal year 2026, compared to actual prices averaging \$85.24 in fiscal year 2024, \$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 466.6 thousand barrels of oil per day in fiscal year 2025 and 469.5 thousand barrels of oil per day in fiscal year 2026, compared to 461.0 thousand barrels of oil per day in fiscal year 2024, 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 Fall 2024 Revenue Forecast, the State forecasts ANS oil prices and production and general purpose unrestricted revenue through fiscal year 2035. 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 four sources: oil and gas property taxes, oil and gas production taxes, 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 \$32.2 billion as of January 1, 2024, \$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 \$643.2 million of gross tax levied in fiscal year 2024 on oil and gas property in the State, the State’s share was approximately \$133.0 million. In the Fall 2024 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$133.7 million in fiscal year 2025 and \$135.6 million in fiscal year 2026.

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 2023 and 2024, \$196.0 million and \$3.1 million, respectively, in total tax and royalty settlements were deposited into the CBRF, and in the Fall 2024 Revenue Forecast, the State forecasts tax and royalty settlements to be \$20.0 million in fiscal year 2025 and \$70.0 million in fiscal year 2026. 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. Appropriations funded State purchase of the full balance of tax credits for fiscal year 2007 through fiscal year 2015, then partial funding beginning in fiscal year 2016 onward, with an outstanding balance remaining every year from fiscal year 2016 through fiscal year 2023. All outstanding tax credits available for State purchase were fully retired with a final appropriation in the fiscal year 2024 budget, and no future purchases or appropriations are anticipated under current law. A total of \$4.1 billion of tax credits were purchased by the State over the life of the program.

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 outstanding tax credits available for State purchase were fully retired with the final appropriation in the fiscal year 2024 budget.

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, \$975 million in fiscal year 2024, and forecasted in the Fall 2024 Revenue Forecast to be \$563 million in fiscal year 2025 and \$441 million in fiscal year 2026) 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 2015 through 2024.

Table 1
Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2015 – 2024
(\$ millions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Oil Revenue to the General Fund										
Property Tax	\$ 125.2	\$ 111.7	\$ 120.4	\$ 121.6	\$ 119.5	\$ 122.9	\$ 119.2	\$ 122.4	\$ 128.8	\$ 130.8
Corporate Income Tax ⁽¹⁾	94.8	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)	297.5	312.4	210.6
Production Tax	381.6	176.8	125.9	741.2	587.3	277.4	381.1	1,801.6	1,490.9	974.6
Royalties (including bonuses, rents and interest) ⁽²⁾⁽³⁾	1,086.3	879.8	690.1	1,011.0	1,119.3	683.0	736.6	1,259.3	1,187.4	1,153.9
Subtotal	<u>\$ 1,687.9</u>	<u>\$ 1,109.5</u>	<u>\$ 876.9</u>	<u>\$ 1,940.2</u>	<u>\$ 2,043.8</u>	<u>\$ 1,083.1</u>	<u>\$ 1,217.6</u>	<u>\$ 3,480.8</u>	<u>\$ 3,119.4</u>	<u>\$ 2,469.9</u>
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund ⁽²⁾⁽³⁾	\$ 518.3	\$ 396.9	\$ 340.0	\$ 363.1	\$ 382.3	\$ 323.9	\$ 337.7	\$ 548.0	\$ 507.4	\$ 528.3
Tax settlements to CBRF	149.9	119.1	481.9	121.3	181.2	281.2	35.0	21.1	196.0	3.1
NPR-A royalties, rents and bonuses ⁽⁴⁾	3.2	1.8	1.4	23.7	12.3	16.4	15.8	16.7	41.5	31.0
Subtotal	<u>671.4</u>	<u>517.8</u>	<u>823.2</u>	<u>508.0</u>	<u>575.8</u>	<u>621.5</u>	<u>388.5</u>	<u>593.5</u>	<u>752.7</u>	<u>562.4</u>
Total Oil Revenue	<u><u>\$ 2,359.3</u></u>	<u><u>\$ 1,627.4</u></u>	<u><u>\$ 1,700.2</u></u>	<u><u>\$ 2,448.2</u></u>	<u><u>\$ 2,619.6</u></u>	<u><u>\$ 1,704.6</u></u>	<u><u>\$ 1,606.1</u></u>	<u><u>\$ 4,074.3</u></u>	<u><u>\$ 3,872.1</u></u>	<u><u>\$ 3,032.3</u></u>

(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, 2023-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. Beginning with fiscal year 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: 2015 through 2024 Revenue Forecasts, DOR.

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 2024, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was \$487.3 million, and in the Fall 2024 Revenue Forecast, the State forecasts the value to be \$584.3 million in fiscal year 2025 and \$587.3 million in fiscal year 2026. 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 \$4.2 billion in fiscal year 2020, \$7.6 billion in fiscal year 2021, \$6.9 billion in fiscal year 2022, \$5.8 billion in fiscal year 2023, \$6.1 billion in fiscal year 2024. In the Fall 2024 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$6.9 billion in fiscal year 2025 and \$5.8 billion in fiscal year 2026. 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 several 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 \$79.6 billion as of December 31, 2024, unaudited, which includes approximately \$3.8 billion committed to the State’s General Fund pursuant to

SB 26 for the succeeding year and \$1.0 billion for current fiscal year inflation proofing. The Permanent Fund had a total fund balance of \$80.5 billion as of June 30, 2024, \$78.0 billion as of June 30, 2023, \$76.3 billion as of June 30, 2022, \$81.9 billion as of June 30, 2021, and \$65.3 billion as of June 30, 2020. The CBRF had an asset balance of approximately \$2.8 billion as of December 31, 2024, unaudited. The CBRF had an asset balance of approximately \$2.7 billion as of June 30, 2024, \$2.6 billion as of June 30, 2023, \$0.9 billion as of June 30, 2022, \$1.1 billion as of June 30, 2021, and \$2.0 billion as of June 30, 2020. Restricted investment revenue from the CBRF was approximately \$150.4 million as of June 30, 2024. In the Fall 2024 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$146.2 million in fiscal year 2025 and \$91.9 million in fiscal year 2026. 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, 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 – 2024
APFC Forecast for Fiscal Years Ending June 30, 2025 – 2035
(\$ millions)

Fiscal Year	Transfer Amount
2019	\$ 2,723
2020	2,933
2021	3,092
2022	3,069
2023	3,361
2024	3,526
Projected⁽¹⁾	
2025	3,657
2026	3,799
2027	3,976
2028	4,012
2029	4,129
2030	4,258
2031	4,390
2032	4,527
2033	4,668
2034	4,816
2035	4,970

(1) APFC transfer projections as of the Fall 2024 Revenue Forecast, and subject to change.
Source: Fall 2024 Revenue Forecast, DOR.

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, reported in the State’s Annual Comprehensive Financial Report (“ACFR”) for fiscal year 2023, was zero. 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, \$148.0 million in fiscal year 2024, \$97.7 million in fiscal year 2023, an investment loss of \$59.1 million in fiscal year 2022, \$29.4 million in fiscal year 2021, and \$58.1 million in fiscal year 2020. In the Fall 2024 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately \$137.9 million in fiscal year 2025 and \$87.8 million in fiscal year 2026. 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 2019 through 2024, with a forecast for fiscal years 2025 and 2026 from the Fall 2024 Revenue Forecast.

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Table 3
Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2019 - 2024
Forecast for Fiscal Years Ending June 30, 2025 - 2026

	(\$ millions)							
	2019	2020	2021	2022	2023	2024	2025 ⁽²⁾	2026 ⁽²⁾
Revenue Source								
<u>Unrestricted</u>								
Oil Revenue	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,480.9	\$ 3,119.4	\$ 2,469.8	\$ 1,849.1	\$ 1,724.8
Non-Oil Revenue	490.1	454.8	444.3	448.1	472.3	487.3	584.3	587.3
Investment Earnings	2,815.9	2,991.2	3,120.9	3,010.2	3,474.3	3,674.1	3,795.2	3,886.7
Subtotal	\$ 5,349.8	\$ 4,529.1	\$ 4,782.8	\$ 6,939.2	\$ 7,066.0	\$ 6,631.2	\$ 6,228.6	\$ 6,198.8
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ 575.8	\$ 621.5	\$ 376.0	\$ 576.7	\$ 711.2	\$ 570.3	\$ 467.2	\$ 505.3
Non-Oil Revenue	631.2	558.6	590.9	643.0	680.5	710.3	806.6	761.4
Investment Earnings ⁽³⁾	1,188.0	(1,208.5)	16,460.9	(6,422.1)	1,210.1	2,319.6	2,479.4	2,419.1
Federal Revenue	3,434.5	4,173.0	7,555.0	6,911.8	5,826.8	6,083.5	6,854.7	5,773.3
Subtotal	5,829.6	4,144.6	24,982.8	1,709.4	8,428.6	9,683.7	10,607.9	9,459.1
Total	<u>\$ 11,179.4</u>	<u>\$ 8,673.7</u>	<u>\$ 29,765.6</u>	<u>\$ 8,648.6</u>	<u>\$ 15,494.6</u>	<u>\$ 16,314.9</u>	<u>\$ 16,836.5</u>	<u>\$ 15,657.9</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 2025 and 2026 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 years 2025 and 2026 are based on projections as of the release of the Fall 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 transfer to the General Fund classified as unrestricted revenue pursuant to SB 26.

Source: 2019 through 2024 Revenue Forecasts, DOR.

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 recent fiscal year budgets the Governor has requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. The Legislature has not approved these proposals through their transmittal of finalized budgets. The enacted fiscal year 2025 budget included approximately \$914.3 million for Permanent Fund Dividend distributions to all eligible Alaskans.

Through a special appropriation in the enacted fiscal year 2025 budget, if the unrestricted General Fund revenue, including the POMV transfer, collected in fiscal year 2025, exceeds \$6,583,500,000, the amount remaining, after all appropriations have been made that take effect in fiscal year 2025, of the difference between \$6,583,500,000 and the actual unrestricted General Fund revenue collected in fiscal year 2025, not to exceed \$645,000,000, is appropriated as follows: (i) 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 fiscal year 2026; and (ii) 50 percent from the General Fund to the CBRF. After the appropriations described in clauses (i) and (ii) above are made, the amount remaining, after all other appropriations have been made that take effect in fiscal year 2025, of the difference between \$7,228,500,000 and the actual unrestricted General Fund revenue collected in fiscal year 2025, is appropriated from the General Fund to the CBRF.

The State’s enacted budget totals for fiscal year 2025, including proposed supplementals, included approximately \$15.4 billion in expenditures, compared to \$14.8 billion in fiscal year 2024. For the enacted fiscal year 2025 budget, unrestricted General Fund spending is estimated to be approximately \$5.5 billion, which is approximately \$87.7 million less than fiscal year 2024. Total restricted federal spending is estimated to be approximately \$6.9 billion in the enacted fiscal year 2025 budget, compared to \$6.2 billion in fiscal year 2024.

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 2023, the OMB estimated the appropriation limit to be approximately \$11.8 billion. The fiscal year 2022 budget, not counting the excluded appropriations, was approximately \$6.4 billion, or \$5.3 billion less than the constitutional limit.

As shown in Table 4, unrestricted General Fund revenue increased to \$6.9 billion in fiscal year 2022 and further increased to approximately \$7.1 billion in fiscal year 2023. 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 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.

Table 4

State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2015 - 2024 and
Forecast for Fiscal Years Ending June 30, 2025 - 2035

Fiscal Year	Total Unrestricted General Fund Revenue (\$ millions)	ANS West Coast Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
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	7,066	86.63	479.4
2024	6,631	85.24	461.0
Projected⁽¹⁾			
2025	6,229	73.86	466.6
2026	6,199	70.00	469.5
2027	6,395	69.00	494.6

2028	6,461	69.00	513.8
2029	6,526	68.00	516.0
2030	6,663	68.00	535.2
2031	6,940	68.00	586.8
2032	7,169	68.00	630.0
2033	7,405	70.00	651.1
2034	7,710	72.00	656.9
2035	7,842	73.00	643.8

(1) The values for fiscal years 2025 through 2035 use the projections included in the Fall 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 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: 2015 through 2024 Revenue Forecasts, DOR.

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 2025 budget, approximately \$1.14 billion is estimated to be appropriated to the public education fund, comprised of an estimated \$1.1 billion from the General Fund, and \$34.9 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 \$6.5 billion in unrestricted General Fund revenue in fiscal year 2024 and with carryforwards and adjustments from fiscal year 2023, the fiscal year 2024 budget includes approximately \$5.6 billion in unrestricted General Fund operating and capital budget appropriations. The fiscal year 2024 budget includes 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.

The Fall 2024 Revenue Forecast projects approximately \$6.2 billion in unrestricted General Fund revenue in fiscal year 2025 and with proposed supplementals adjustments in the enacted fiscal year 2025 budget, there is approximately \$5.5 billion in unrestricted General Fund operating and capital budget appropriations. The enacted fiscal year 2025 budget includes approximately \$3.7 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. In addition, the fiscal year 2025 estimated expenditure value for the permanent fund dividend distribution was \$914.3 million. Please see the special and supplemental appropriation descriptions for the potential of additional distributions and energy relief payments as part of the dividend under “—General Appropriations” above.

In the enacted fiscal year 2025 budget, unrestricted General Fund capital budget appropriations is \$330.7 million. In fiscal year 2024, unrestricted General Fund capital budget appropriations, including supplementals, was approximately \$486.3 million, compared to \$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 enacted fiscal year 2025 total capital budget appropriations, including unrestricted general funds, designated general funds, other funds, and federal funds is approximately \$3.5 billion (Source: Office of Management and Budget, Fiscal Summary as of December 12, 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 60 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 1990s through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred until fiscal year 2015.

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 2023, 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, 2023 was approximately \$11.3 billion. Pursuant to the State's fiscal year 2023 ACFR, the June 30, 2023, unassigned fund balance of the CBRF was approximately \$2.6 billion.

The asset balance in the CBRF as of June 30, 2024, was approximately \$2.7 billion, including earnings of approximately \$150.4 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, 2023, the asset balance was approximately \$2.6 billion, including earnings of approximately \$62.9 million; 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; and as of June 30, 2020, the asset balance was approximately \$2.0 billion, with investment earnings of \$62.8 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 any 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. 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 SBRF unassigned fund balance, reported in the State's ACFR for fiscal year 2023, was 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 2024, State oil and mineral revenues deposited in the Permanent Fund were \$533 million, compared to \$754 million in fiscal year 2023, \$549 million in fiscal year 2022, \$320 million in fiscal year 2021, and \$319 million in fiscal year 2020. Since inception, as of June 30, 2024, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include \$23.6 billion for inflation proofing, \$19.8 billion in royalty contributions, and \$12.3 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 2024, approximately \$30.9 billion of dividends were paid to Alaska residents and \$23.6 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. For fiscal year 2024, approximately \$1.4 billion was appropriated from the earnings reserve to the principal of the Permanent Fund. The Permanent Fund Dividend amount, paid in calendar year 2023, was \$1,312 per qualified resident. The Permanent Fund Dividend amount, paid in calendar year 2024, was \$1,702 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 \$70.7 billion as of June 30, 2024, up from approximately \$67.5 billion as of June 30, 2023, may not be spent without amending the State Constitution. The earnings reserve, approximately \$9.7 billion as of June 30, 2024, down from approximately \$10.5 billion as of June 30, 2023, may be appropriated by a majority vote of the Legislature.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from North Slope royalty case settlements (known collectively as *State v. Amerada Hess, et al.*). Accumulated settlement related activity, including in the contributions and appropriations balance of the Permanent Fund at June 30, 2024, is \$424 million. By statute, realized earnings from these settlement payments are to be treated in the same manner as other Permanent Fund income, except that these settlement earnings are excluded from the calculation of the transfer to the General Fund and are not subject to inflation proofing. Since 2005, the Legislature has appropriated these settlement earnings to the Alaska Capital Income Fund ("ACIF"). Prior to 2005, the statute required such earnings to be appropriated to the principal. The Permanent Fund realized earnings on ACIF settlement principal of approximately \$24 million during fiscal year 2024 and \$14 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 - 2024

Fiscal Year	General Purpose Unrestricted Revenue (\$ mil)	Recurring & Discretionary General Fund Expenditures (\$ mil)	Unrestricted Revenue Surplus/(Deficit) (\$ mil)	Ending SBRF Reserves Available Balance (\$ mil)⁽²⁾	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	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791	12,780	6,211	107.57	530.4
2015	2,257	4,760	(2,503) ⁽³⁾	288	10,101	7,162	72.58	501.0
2016	1,533	5,213	(3,680) ⁽³⁾	-	7,331	8,570	43.18	514.7
2017	1,354	4,498	(3,144) ⁽³⁾	-	3,896	12,816	49.43	526.4
2018	2,414	4,489	(2,075) ⁽³⁾	-	2,360	18,864 ⁽⁴⁾	63.61	518.5
2019	5,350 ⁽⁵⁾	4,889	461 ⁽³⁾	-	1,832	18,481 ⁽⁴⁾	69.46	495.0
2020	4,529 ⁽⁵⁾	4,805	(276) ⁽³⁾	-	1,983	12,894 ⁽⁴⁾	52.12	471.8
2021	4,783 ⁽⁵⁾	5,031 ⁽³⁾	(248) ⁽³⁾	481	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
2023	7,066 ⁽⁵⁾	5,641 ⁽³⁾	1,425 ⁽³⁾	-	2,620	10,491 ⁽⁴⁾	86.63	479.4
2024	6,631 ⁽⁵⁾	5,583 ⁽³⁾	1,048 ⁽³⁾	N/A	2,740	9,724 ⁽⁴⁾	85.24	461.0

(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 2024 ACFR has not been released as of the date of the 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 \$109 million draw from the SBRF, and the fiscal year 2023 unassigned fund balance was zero.

(4) Includes amount committed for General Fund transfer pursuant to SB 26 for the succeeding fiscal year.

(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 2024 Revenue Forecast. The State will next update its forecast in the Spring 2025 Revenue Forecast, which is anticipated to be released in March 2025. The State has provided certain estimates for fiscal years 2025 and 2026 based on information available as of the Fall 2024 Revenue Forecast, as well as certain audited results for fiscal year 2023 for the CBRF. 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 2025 through 2030.

Table 6
State of Alaska Projection of Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2025 through 2030 ⁽¹⁾
(\$ millions)

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$1,849.1	\$1,724.8	\$1,731.5	\$1,742.3	\$1,676.4	\$1,673.1
Production Tax –Hazardous Release Surcharge	7.6	7.6	8.0	8.3	8.3	8.5
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	64.3	68.9	88.1	105.7	110.9	121.1
Tax and Royalty Settlements to CBRF	20.0	70.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue	<u>\$1,941.0</u>	<u>\$1,871.3</u>	<u>\$1,847.6</u>	<u>\$1,876.3</u>	<u>\$1,815.6</u>	<u>\$1,822.8</u>
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 584.3	\$ 587.3	\$ 599.9	\$ 619.1	\$ 632.7	\$ 644.2
Designated General Fund	499.7	501.6	502.8	504.0	505.2	506.6
Royalties to Alaska Permanent Fund beyond 25% dedication	3.4	3.6	3.7	3.8	3.8	3.8
Subtotal Non-Petroleum Revenue	<u>\$1,087.4</u>	<u>\$1,092.4</u>	<u>\$1,106.4</u>	<u>\$1,126.9</u>	<u>\$1,141.7</u>	<u>\$1,154.7</u>
<u>Investment Revenue</u>						
Unrestricted General Fund	\$3,795.2	\$3,886.7	\$4,063.7	\$4,099.7	\$4,216.7	\$4,345.7
Designated General Fund	81.7	65.4	65.4	65.4	65.4	65.4
CBRF ⁽²⁾	146.2	91.9	101.1	104.8	108.5	112.3
Subtotal Investment Revenue	<u>\$4,023.1</u>	<u>\$4,044.0</u>	<u>\$4,230.2</u>	<u>\$4,269.9</u>	<u>\$4,390.6</u>	<u>\$4,523.4</u>
Total Revenue Subject to Appropriation	<u>\$7,051.5</u>	<u>\$7,007.8</u>	<u>\$7,184.2</u>	<u>\$7,273.0</u>	<u>\$7,347.8</u>	<u>\$7,500.9</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 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 2024 Revenue Forecast, DOR.

General Fund Expenditure Trends

From the fiscal year 2013 peak through fiscal year 2024, recurring Unrestricted General Fund expenditures have diminished from approximately \$7.9 billion to \$5.6 billion. Prior to fiscal year 2022, a significant portion of the expenditures were funded from prior fiscal 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 propose spending nor generate revenue at a particular level for any given fiscal year.

The Fiscal Year 2026 Budget Overview and 10-Year Plan (“FY 2026 10-Year Plan”) was released by Governor Dunleavy’s administration and the OMB on December 12, 2024. The FY 2026 10-Year Plan is provided in complete form on the State of Alaska, Office of the Governor, OMB’s website. The FY 2026 10-Year Plan includes recognition of the State’s diminishing reserves (including the CBRF) 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.

Table 7

Fiscal Year 2026 Budget Overview and 10-Year Plan Summary
Fiscal Years Ended June 30, 2025 – 2034 (\$millions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Permanent Fund Dividend (“PFD”)										
PFD Transfer	\$ 914.3	\$ 2,504.4	\$ 2,214.5	\$ 2,488.5	\$ 2,600.3	\$ 2,765.2	\$ 2,852.6	\$ 2,943.8	\$ 3,038.5	\$ 3,136.9
Per Capita PFD (dollars)	1,386.0	3,838.0	3,428.0	3,854.0	4,024.0	4,147.0	4,275.0	4,410.0	4,552.0	4,700.0
Unrestricted General Fund Expenditures										
Agency Operations	4,699.6	4,518.0	4,631.0	4,746.8	4,865.4	4,987.1	5,111.7	5,239.5	5,370.5	5,504.8
Statewide Items	390.1	414.5	472.7	475.1	470.4	471.8	464.5	468.6	469.3	458.4
Operating Budget	\$ 5,164.7	\$ 4,932.6	\$ 5,103.7	\$ 5,221.8	\$ 5,335.8	\$ 5,458.8	\$ 5,576.2	\$ 5,708.2	\$ 5,839.9	\$ 5,963.2
Capital Budget	330.7	282.4	289.5	296.7	304.1	311.7	319.5	327.5	335.7	344.1
Total General Fund Appropriations	\$ 5,495.3	\$ 5,215.0	\$ 5,393.1	\$ 5,518.5	\$ 5,639.5	\$ 5,770.6	\$ 5,895.7	\$ 6,035.7	\$ 6,175.5	\$ 6,307.2
Unrestricted Revenues										
Traditional Unrestricted General Fund Revenue	\$ 2,571.3	\$ 2,399.9	\$ 2,419.1	\$ 2,449.1	\$ 2,396.8	\$ 2,405.1	\$ 2,550.2	\$ 2,641.5	\$ 2,736.9	\$ 2,893.8
Gross Percent of Market Value (“POMV”) Transfer	3,657.3	3,798.9	3,976.0	4,012.0	4,129.0	4,258.0	4,390.0	4,527.0	4,668.0	4,816.0
Revenue Adjustments	32.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Deposit	(914.3)	(2,504.4)	(2,214.5)	(2,488.5)	(2,600.3)	(2,765.2)	(2,852.6)	(2,943.8)	(3,038.5)	(3,136.9)
Status-Quo Available Revenue	\$ 5,346.4	\$ 3,694.4	\$ 4,180.6	\$ 3,972.6	\$ 3,925.5	\$ 3,981.9	\$ 4,175.0	\$ 4,315.9	\$ 4,461.1	\$ 4,671.3
Deposit/(Draw)	(149.0)	(1,520.6)	(1,212.5)	(1,545.9)	(1,714.5)	(1,788.7)	(1,720.7)	(1,719.8)	(1,714.5)	(1,635.9)
Reserve Balances	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Statutory Budget Reserve										
Statutory Budget Reserve Beginning Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Surplus/(Draws)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory Budget Reserve End Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Constitutional Budget Reserve⁽¹⁾										
Constitutional Budget Reserve Beginning Balance	\$ 2,717.8	\$ 2,884.0	\$ 1,525.4	\$ 434.0	(\$ 987.2)	(\$ 2,573.1)	(\$ 4,229.5)	(\$ 5,813.9)	(\$ 7,393.3)	(\$ 8,963.2)
Earnings and Deposits	166.2	161.9	121.1	124.8	128.5	132.3	136.3	140.4	144.6	149.0
Surplus/(Draws)	(0.0)	(1,520.6)	(1,212.5)	(1,545.9)	(1,714.5)	(1,788.7)	(1,720.7)	(1,719.8)	(1,714.5)	(1,635.9)
Constitutional Budget Reserve End Balance	\$ 2,884.0	\$ 1,525.4	\$ 434.0	(\$ 987.2)	(\$ 2,573.1)	(\$ 4,229.5)	(\$ 5,813.9)	(\$ 7,393.3)	(\$ 8,963.2)	(\$ 10,450.1)

- (1) Negative balances in the CBRF beginning in fiscal year 2029 depict accumulated structural deficits based on projected full statutory Permanent Fund Dividend payments in such years and status-quo revenues. The ability of the State to meet its obligations in any given fiscal year during the forecasted period is based on ongoing adjustments to account for the unrestricted General Fund balance for that fiscal year and then current fiscal year revenues that are subject to appropriation for any purpose, as well as the Legislature’s authorization, and the Governor’s concurrence on a POMV split pursuant to SB 26 in any given fiscal year between governmental services and the Permanent Fund Dividend distribution, among other approaches. CBRF estimated balance provided by the Division of Finance as of December 10, 2024.

The fiscal year 2025 budget was approved by the Legislature on May 15, 2024, and on June 27, 2024, Governor Dunleavy signed into law the fiscal year 2025 budget. The most recent 10-Year Plan was released on December 12, 2024. The FY 2026 10-Year Plan includes certain forecasted information contained in the Fall 2024 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 AIAS 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, and the Mental Health Trust Reserve Fund.

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 AIAS Revenue Fund.

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

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 privately owned, 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 2023, over 95 percent, or 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 overlie areas with the potential for natural resource production. The State is constitutionally obligated to pursue resource use and development on these lands to support its economy and the provision of public services.

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. Interests in these corporations can only be hereditarily transferred and cannot be otherwise bought or sold. 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 to develop and steward on behalf of their shareholders.

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 fulfilling this obligation 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 18.7 billion barrels of crude oil from the North Slope of Alaska to market through calendar year 2023. 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 total Alaska oil production has declined to approximately 461,000 barrels of oil per day in 2024, upwards of 20 billion barrels of new discoveries have been made since 2016 and currently stand at different stages of appraisal and development. Production from several of these new discoveries is proposed to be brought to market in the next five years.

The ANS continues to see new oil being produced from redevelopment of existing fields, as well as new developments that are anticipated to bring future production. New production on the North Slope helps to offset some of the volume decline since the 1988 peak. The Fall 2024 Revenue Forecast for North Slope crude oil production projects approximately 466,600 barrels per day in fiscal year 2025 and 469,500 in fiscal year 2026.

In the Fall 2024 Revenue Forecast, the State forecasted that crude oil production on the North Slope will rebound to over 600,000 barrels of oil per day in the 10-year forecast period, to 656,900 barrels of oil per day by fiscal year 2035. This forecast applies a risk-weighted view on future projects which typically fall below forecasts by operators of the projects in question.

Additionally, continued pilot and test 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 could translate to significant increases in State production in viscous and heavy oil resources given the known accumulations across the North Slope.

The State does not include 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 and subsequent actions by the federal administration suspended the leases and have resulted in litigation and uncertainty about the status of the leases, as well as the process for the future lease sales required by law. 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.

In recent years, oil companies operating in Alaska have been able to attract capital at competitive rates to expand development of oil and gas assets in the State. The Fall 2024 Revenue Forecast presented aggregated capital spending projections for Alaska’s Oil industry on the North Slope of approximately \$21.6 billion through fiscal year 2029.

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. Some of these fields have now been in production for over 60 years. Cook Inlet production grew from 10,200 barrels per day in fiscal year 2010 to over 18,000 barrels in fiscal year 2015, and most recently was 8,600 barrels of oil per day on average in fiscal year 2024. The Fall 2024 Revenue Forecast forecasts Cook Inlet production to decline to a low of 5,600 barrels of oil per day in fiscal year 2030 and 2031.

The State holds potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources on the North Slope. Particularly, the initial discoveries within the shallower Brookian-sourced strata are being developed and brought into production, which may drive continued interest in additional exploration across the North Slope. The Department of Revenue’s Fall 2024 Revenue Forecast projects an approximate 42.5 percent rise in total ANS crude oil production by 2035.

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 the Alpine field, and projects targeting the Brookian Nanushuk and Torok formations. Major projects in active appraisal include the Pikka Nanushuk Phase 1 project on State lands that received a final investment decision and project approval by the operator in mid-2022; the Willow Project, located on federal lands that received a final investment decision and project approval by the operator at the end of 2023; and the continued operation of the Nuna-Torok project that started production in 2022. These projects could increase proved crude oil reserves by several billion barrels.

The Willow project, operated by ConocoPhillips Alaska, a major legacy producer, explorer, and investor on Alaska’s North Slope, is estimated to make capital expenditures of \$1.0-1.5 billion each year from 2024-2028. Estimated peak production is 180,000 barrels of oil per day, and a total of more than 600 million barrels of oil over the life of the field. First oil production is anticipated in 2029. Initial civil construction work began in April 2023 and continued throughout 2024.

Additionally, the Pikka Unit is one of the largest conventional oil discoveries made in the United States in the last 30 years, and the Pikka Phase 1 Project is the most significant development on Alaska's North Slope in more than 20 years. The Pikka project, operated by Santos Ltd., is expected to have capital expenditures of \$2.6-3.0 billion for phase 1 (currently underway) and up to \$5.5-6.0 billion total (including Phases 2 and 3). Phase 1 targets 397 million barrels of recoverable oil at a peak rate of 80,000 barrels of oil per day. First production is expected in 2026. The project's Phase 2 and 3 Financial Investment Decision is expected in 2025. Cumulative investment could approach \$6 billion and add another 400 million barrels or more of reserves.

Another development project anticipated for Alaska's North Slope includes a distributed chemical manufacturing facility by Alyeschem, LLC. The facility is planned to supply critical chemicals to oil producers on the North Slope, including methanol, low sulfur diesel, nitrogen, and other chemical blending services. Through providing locally manufactured chemicals in the remote region of the State, the facility is expected to assist in gas development, create jobs, and lower the carbon footprint in the Alaskan Arctic.

While production from the western North Slope in the NPR-A is entirely on federally managed lands, the State benefits from the production of federal oil within the State through federal laws directing revenue be shared with the State. For example, in the NPR-A, the State is entitled to 50 percent of all royalties, bonuses and rents. The State also benefits from the production of oil from federal and Alaska Native Corporation lands that is shipped through TAPS in the form of a lower per-barrel transportation tariff, and thus higher value, on all state royalty oil, whether taken in value or in kind. The continued development of infrastructure on the North Slope associated with federal development also continues to improve the economic viability of new projects and prolong the economic life of producing fields.

Additionally, studies by the U.S. Geological Survey ("USGS") also point to the undiscovered resource potential of the North Slope Basin. A 2020 USGS resource assessment estimates mean undiscovered resources within the North Slope Central region at 3.5 billion un-risked barrels. This area is generally closer to infrastructure. Including the NPR-A area increases this estimate to over 13 billion barrels (USGS, 2017). Development by both ConocoPhillips Alaska and Oil Search Alaska/Santos in the Western North Slope area may 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. 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 2018 through 2023, the Division of Oil & Gas held 11 lease sales, receiving bids on 531 sale tracts from 19 unique bidding groups, bringing in over \$53 million in bonus bids. Bidders included major international producers and established independent companies. As of April 2024, there are 16.5 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 TAPS and used to heat field camps, run electrical generators, or power 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 (federal 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 in addition to continued revenue from oil production. See “—State Revenues—*Oil and Gas Revenues*” above.

To spur commercialization of Alaska natural gas, the Alaska Legislature has passed several laws designed to support moving gas off the North Slope to in-state and export markets. After passage of the Alaska Gasline Inducement Act of 2007 (“AGIA”), the State and TransCanada Alaska had 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.

More recently, 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 liquefied 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, 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 full project would 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 continues to assess commercial viability of the project and seeks private sector partners for 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 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 North Slope. 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 and Geophysical Surveys, the State contains measurable amounts of the world's mineral resources, including the following approximate percentages of global mineral resources: 17% for coal, 7.4% for zinc, 7% for gold, 1.7% for lead, 7% for silver, 12.4% for copper, and 16% for molybdenum.

Eight large mines in the State currently produce zinc, gold, lead, silver, germanium, and coal and several other large mine projects are under development or exploration. There are also more than 150 smaller-scale placer gold operations, and more than 75 sand and gravel mining operations.

In 2024, the eight major Alaska mines are:

- Red Dog Mine, a surface (open pit) mine and mill that produces zinc, lead, silver, and germanium in the Northwest Arctic Borough. It is a joint venture between Teck Alaska, Inc. and NANA, an Alaska Native Corporation. Red Dog Mine is one of the largest zinc mines in the world, both in terms of production and reserves. It is also the largest critical mineral mine in the United States.
- Fort Knox Mine, owned by Kinross Alaska, has been the largest gold producer in Alaska since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Manh Choh Mine, an open pit mine near Tok, Alaska, is operated by Kinross Alaska in a 70/30 project owned by Kinross Alaska and Contango ORE LLC.
- Gil Mine, owned by Kinross Alaska, is located 8 miles 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, and privately owned by Usibelli Coal Mine Inc., is the only operating coal mine in Alaska and was established in 1943.
- Greens Creek Mine, located on Admiralty Island, in southeastern Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead since 1989. It is owned by Hecla Greens Creek Mining Company (Hecla Mining Company) 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. This underground mine began production in 2010.

Mining claims and prospecting sites covered approximately 4.3 million acres of Alaska in calendar year 2023, with 6,574 active federal and 37,642 active state mining claims. The total area of State mining claims increased by 3 percent in calendar year 2023, while the total area of Federal claims decreased by 3 percent. The total number of Alaska Placer Mining Applications has increased from 579 in 2021, to 640 in 2022, and 680 in 2023.

The total reported value of Alaska's mineral industry was \$4.4 billion in calendar year 2023. 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. The value of Alaska's 2023 mineral production is estimated at \$3.9 billion. 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.

Zinc continued to be the top metal produced in calendar year 2023, accounting for 44 percent of Alaska's total metal production with an estimated 646,523 tons of production. Gold followed closely at 36 percent of total production value, with approximately 733,000 total ounces. Production of silver and lead remained steady with approximately 16.2 million ounces of silver and 122,500 tons of lead in 2023.

Estimated exploration expenditures totaled \$230 million in calendar year 2023, compared to \$255 million for calendar year 2022 and \$273 million for calendar year 2021. Total value spent on exploration since calendar year 1981 is estimated at \$4.75 billion.

The State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rental fees and production royalties. According to current mine-life figures, production may end over the next decade at several mines that currently contribute most of the State's mining-related revenue. New resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in the advanced exploration or the permitting phase. Overall, in calendar year 2021, over \$119 million of reported and estimated revenues were paid to the State and municipalities by Alaska's mineral industry, with a state total of \$75 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 several deposits and many occurrences 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, electric and hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, located in Southeastern 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 resources.

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 and the University of Alaska.

The following information is obtained from the 2024-2025 Alaska Public Debt Book, released in January 2025, and contains information through the fiscal year ended June 30, 2024.

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 \$523.5 million of general obligation bonds were outstanding as of June 30, 2024.

During fiscal year 2024, the State's General Obligation Refunding Bonds, Series 2024A, were issued on June 4, 2024, to refund the outstanding General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment). The State issued \$110.08 million of General Obligation Refunding Bonds to refund \$119.57 million of outstanding General Obligation Bonds. The issuance of the refunding bonds achieved net present value savings of approximately \$4.0 million.

Subsequent to June 30, 2024, on August 15, 2024, the State issued \$82.94 million in general obligation refunding bonds, Series 2024B. On August 6, 2024, the State priced the Series 2025A (forward delivery) general obligation refunding bonds in the amount of \$107.49 million with a May 6, 2025, closing. The State issued the Series 2024B and 2025A (forward delivery) bonds to refund \$203.885 million in outstanding Series 2015B, 2016A, and 2016B general obligation bonds. Upon closure of the forward delivery bonds, the overall transaction reduces total debt service payments over the next 12 fiscal years by approximately \$19.5 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$16.5 million.

The following other debt and debt programs of the State were outstanding as of June 30, 2024, 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 \$534.7 million as of June 30, 2024. As of June 30, 2024, \$86.5 million of State guaranteed debt was outstanding. Subsequent to June 30, 2024, the AHFC issued Veteran’s Mortgage Bonds in the approximate amount of \$75.0 million on July 30, 2024.

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 such 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 \$149.5 million of State-supported debt was outstanding as of June 30, 2024.

On September 4, 2020, the Alaska Supreme Court issued a decision in *Eric Forrer v. State of Alaska* (“*Forrer*”) related to the 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 ATCCBC created in 2018 pursuant to AS 37.18. Due to similarity of structure, the decision also rendered the Pension Obligation Bond Corporation (the “POBC”) (created pursuant to 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 without any further ruling on the merits of the case.

State-Supported Unfunded Actuarially Assumed Liability. In 2008, Senate Bill 125 ("SB 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 ACFR, 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 Alaska Retirement Management Board ("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 and June 30, 2023 actuarial valuation reports. One significant item that was changed from the experience analysis 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 first included within the June 30, 2022, actuarial valuation reports. The actuarial assumptions will be analyzed and updated next for the period July 1, 2021, to June 30, 2025.

According to the PERS and TRS ACFR as of June 30, 2024, 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 \$1,821,367,000 and the net TRS pension liability by approximately \$833,787,000.

Under the existing statutory framework through the passage of Senate Bill 125, 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%.

Effective July 1, 2021, 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.

As of June 30, 2024, State long-term debt for the combined PERS and TRS pension UAAL was approximately \$4.4 billion. Worth noting is that the Other Post Employment Benefit ("OPEB") asset levels are greater than the assumed liabilities for both PERS and TRS. 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. On April 7, 2015, Senate Bill 64 passed into law, which rescinded approvals for any application for bond debt reimbursement made by a municipality for school construction or major maintenance for indebtedness authorized by the qualified voters of the municipality on or after January 1, 2015 (retroactive from SB64 passage date), but before July 1, 2020. On March 24, 2020, House Bill 106 passed into law, which extended the moratorium from July 1, 2020, through July 1, 2025.

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 enacted fiscal year 2025 budget included a fully funded SDRP and TIDSRA, and in addition, a fiscal year 2022 supplemental appropriation offset prior year reductions in the SDRP for fiscal year 2017 and fiscal years 2020 through 2022.

The DOTPF and the AEA administer 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 were 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 enacted 2025 budget includes 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 Alaska Public Debt publications. As of June 30, 2024, state supported municipal debt was approximately \$379.1 million.

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; AEA; AHFC; AIDEA; Alaska Municipal Bond Bank Authority (“AMBBA”); and Alaska Student Loan Corporation (“ASLC”). Current outstanding moral obligation debt is limited to AMBBA and AEA. Approximately \$1,179.6 million of such State moral obligation debt was outstanding as of June 30, 2024.

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 (“AIAS”) Revenue Bonds, various University Revenue Bonds, Notes, and Contracts, and Clean Water and Drinking Water Fund Bonds. As of June 30, 2024, there was \$456.7 million of State and University revenue debt outstanding, consisting of \$228.8 million of University of Alaska Revenue Bonds and Notes, and \$227.9 million of AIAS Revenue Bonds.

Subsequent to June 30, 2024, on January 23, 2025, the State’s AIAS issued \$67.75 million in revenue refunding bonds, Series 2025A. On January 15, 2025, the State’s AIAS priced the Series 2025B revenue refunding bonds (forward delivery) in the amount of \$50.21 million with a July 8, 2025, closing. The State’s AIAS issued the Series 2025A and 2025B (forward delivery) bonds to refund \$135.87 million in outstanding Series 2016A and 2016B revenue bonds. Upon closure of the forward delivery bonds, the overall transaction results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$8.9 million.

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, 2024, there was \$1,464.8 million aggregate principal amount of State agency debt outstanding, consisting of \$1,205.1 million of AHFC obligations, \$9.2 million of AMBBA Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, and \$250.5 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, 2024, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$1,292.5 million, consisting of associated obligations issued through AHFC.

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, *Forrer* decision of the Supreme Court, this statutory construct is invalid.

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 ATCCBC was filed and delayed the potential for bond issuance. Based on the September 4, 2020, *Forrer* decision of the Supreme Court, this statutory construct is invalid.

State-Supported Toll Revenue Bonds. In April 2014, AS 37 Chapter 16 was enacted creating the Knik Arm Crossing project in the DOTPF. 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, *Forrer* decision of the Supreme Court this statutory construct is invalid.

Summary of Outstanding Debt. Table 8 lists, by type, the outstanding State-related debt as of June 30, 2024, except as otherwise noted.

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Table 8
State of Alaska Debt and State-Related Debt by Type as of June 30, 2024
(\$ millions)

	<u>Principal outstanding</u>	<u>Interest to maturity</u>	<u>Total debt service to maturity</u>
State Debt			
State of Alaska General Obligation Bonds	\$ 523.5	\$ 160.1	\$ 683.6
State Guaranteed Debt			
Alaska Housing Finance Corporation Collateralized Bonds (Veterans' Mortgage Program)	86.5	48.6	135.1
State-Supported Debt			
Certificates of Participation	12.5	1.9	14.4
Lease Revenue Bonds with State Credit Pledge and Payment	137.0	31.8	168.8
Total State-Supported Debt	<u>149.5</u>	<u>33.7</u>	<u>183.2</u>
State-Supported Municipal Debt			
State Reimbursement of Municipal School Debt Service	367.9	62.1	430.0
State Reimbursement of Capital Projects	11.2	2.2	13.4
Total State Supported Municipal Debt	<u>379.1</u>	<u>64.3</u>	<u>443.4</u>
Pension System Unfunded Actuarial Accrued Liability (UAAL) (1)			
Public Employees' Retirement System UAAL	3,468.0	N/A	3,468.0
Teachers' Retirement System UAAL	936.0	N/A	936.0
Total UAAL	<u>4,404.0</u>	<u>N/A</u>	<u>4,404.0</u>
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	978.3	413.4	1,391.7
Alaska Energy Authority:			
Power Revenue Bonds #1 through #10	201.3	186.8	388.1
Total State Moral Obligation Debt	<u>1,179.6</u>	<u>600.2</u>	<u>1,779.8</u>
State Revenue Debt			
International Airport System Revenue Bonds	227.9	74.3	302.2
University of Alaska Debt			
University of Alaska Revenue Bonds	217.5	90.7	308.2
University Lease Liability and Notes Payable	11.3	2.2	13.5
Total University of Alaska Debt	<u>228.8</u>	<u>92.9</u>	<u>321.7</u>
Total State Revenue and University Debt	<u>456.7</u>	<u>167.2</u>	<u>623.9</u>

	<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	\$ 46.5	N/A	\$ 46.5
State Capital Project Bonds II	1,158.6	684.2	1,842.8
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.2	1.3	10.5
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds ⁽²⁾	250.5	431.1	681.6
Total State Agency Debt	<u>1,464.8</u>	<u>1,116.6</u>	<u>2,581.4</u>
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds	428.6	155.8	584.4
General Mortgage Revenue Bonds II	807.7	463.3	1,271.0
Government Purpose Bonds	56.2	8.2	64.4
Total State Agency Collateralized or Insured Debt	<u>1,292.5</u>	<u>627.3</u>	<u>1,919.8</u>
Total State and State Agency Debt	<u>9,936.2</u>		
Municipal Debt			
School G.O. Debt	556.8		
Other G.O. Debt ⁽³⁾	1,644.1		
Revenue Debt	873.9		
Total Municipal Debt	<u>3,074.8</u>		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(148.2)		
Less: State Reimbursable Municipal School G.O. Debt	(367.9)		
Less: Alaska Municipal Bond Bank debt included in University debt	(75.5)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	<u>(792.2)</u>		
Total Deductions Due to Reporting in More than One Category	<u>(1,383.8)</u>		
Total Alaska Public Debt	<u>\$ 11,627.2</u>		

(1) From most recent June 30, 2023 actuarial valuation, as of the release of the Alaska Public Debt Book 2024 - 2025.

(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, when available.

Source: 2024-2025 Alaska Public Debt Book, published in January 2025.

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 10 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. In the State's enacted fiscal year 2025 budget, the SDRP and TIDSRP were funded at 100 percent.

Table 9
State of Alaska
Payments on General Fund Paid Debt as of June 30, 2024
(\$ 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
2024	72.7	2.9	19.5	66.1	3.6	136.7	301.5
2025	64.6	2.9	19.5	56.4	3.6	182.5	329.5
2026	66.2	2.9	19.5	46.5	2.8	255.8	393.7
2027	64.8	2.9	20.9	41.2	2.6	283.3	415.7
2028	63.9	2.9	20.9	39.2	2.2	288.6	417.7
2029	63.0	2.9	17.6	34.4	0.9	295.2	414.0
2030	62.5	—	17.6	32.0	0.9	302.2	415.2
2031	50.5	—	17.6	29.8	0.4	309.5	407.8
2032	50.4	—	17.6	26.5	—	317.7	412.2
2033	50.3	—	17.6	20.3	—	326.3	414.5
2034	50.2	—	—	18.0	—	334.9	403.1
2035	27.1	—	—	13.0	—	344.0	384.1
2036	27.0	—	—	6.0	—	352.9	385.9
2037	6.6	—	—	0.9	—	362.8	370.3
2038	18.3	—	—	0.8	—	372.7	391.8
2039	6.1	—	—	0.8	—	383.0	389.9
2040	6.1	—	—	0.4	—	18.0	24.5
2041	6.1	—	—	0.2	—	18.3	24.6
2042-2051	—	—	—	0.4	—	117.8	118.2

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

(2) Fiscal years 2024–2043 payments are based on actual bond repayment schedules on file with DEED as of June 30, 2024.

(3) In fiscal year 2024, School Debt and Capital Project Reimbursements were funded at 100%.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2023.

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

Source: 2024 – 2025 Alaska Public Debt Book, published in January 2025.

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 uses 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 investment and oil resource-generated revenue. Historically, the State Bond Committee adopted a policy to target no more than 5 percent of annual unrestricted General Fund revenue for debt service on general obligation bonds and other public debt directly secured by a subject to appropriation pledge of the State. Additionally, a higher target of no more than 8 percent of annual unrestricted General Fund revenue for debt service on general obligation bonds and other public debt directly secured by a subject to appropriation pledge of the State, as well as certain reimbursement

programs of the State of Alaska, was established. This policy was revised in fiscal year 2019 due to the inclusion of certain Permanent Fund earnings in unrestricted General Fund revenue through SB 26, which made an adjustment of these ratios from 5 percent to 4 percent, and from 8 percent to 7 percent.

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Table 10
State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2024
Forecast for Fiscal Years Ending June 30, 2025 – 2034

Fiscal Year	Unrestricted Revenues (\$ millions)	State G.O. Debt Service (%)	State Supported Debt Service (%)	Total State Debt Service (%)	School Capital Debt Reimbursements (%)	Statutory Payment to PERS/TRS (%)	Total Payments to Revenues (%)
1996	\$ 2,133	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
2024	6,631	1.1	0.3	1.4	1.1	—	2.5
Projected*							
2025	6,229	1.0	0.4	1.4	1.0	2.9	5.3
2026	6,199	1.1	0.4	1.4	0.8	4.1	6.4
2027	6,395	1.0	0.4	1.4	0.7	4.4	6.5
2028	6,461	1.0	0.4	1.4	0.6	4.5	6.5
2029	6,526	1.0	0.3	1.3	0.5	4.5	6.3
2030	6,663	0.9	0.3	1.2	0.5	4.5	6.2
2031	6,940	0.7	0.3	1.0	0.4	4.5	5.9
2032	7,169	0.7	0.2	0.9	0.4	4.4	5.7
2033	7,405	0.7	0.2	0.9	0.3	4.4	5.6
2034	7,710	0.7	0.0	0.7	0.2	4.3	5.2

* The forecast for fiscal years 2025 through 2034 uses the projections included in the 2024 – 2025 Alaska Public Debt Book, which was based on available information as the Fall 2024 Revenue Forecast release.

** Certain ‘Total Payment to Revenue’ percentages may not foot in the table due to rounding.

Source: 2024 – 2025 Alaska Public Debt Book, published in January 2025.

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 continued to have a UAAL through June 30, 2021, primarily on the pension benefits; however, over the last two fiscal years, JRS improved to funded ratios over 100% for both pension and healthcare benefits due to changes in assumptions as well as recent investment gains that improved the funded status. 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.

The actuarial valuation reports for fiscal year 2023 were adopted by the ARM Board on June 12, 2024. The actuarial valuation reports show a PERS defined benefit pension funded level of 67.0%, OPEB funded level of 129.6%, and a total funded level of 85.5%. The actuarial valuation reports show a TRS defined benefit pension funded level of 76.8%, OPEB funded level of 135.5%, and a total funded level of 91.2% as reflected in Table 11.

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Table 11
Actuarial Valuation Report
As of June 30, 2023

Funded Status as of June 30 (\$'s in 000s)	PERS		TRS	
	2023	2022	2023	2022
Defined Benefit ("DB") - Pension				
a. Actuarial Accrued Liability	\$ 16,835,581	\$ 16,093,679	\$ 8,036,685	\$ 7,804,046
b. Valuation Assets	11,272,339	10,961,498	6,171,460	6,100,204
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	67.0%	68.1%	76.8%	78.2%
DB - Healthcare				
a. Actuarial Accrued Liability	\$ 7,085,823	\$ 6,657,069	\$ 2,617,821	\$ 2,442,577
b. Valuation Assets	9,180,231	8,979,943	3,547,973	3,437,216
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	129.6%	134.9%	135.5%	140.7%
DB - Total				
a. Actuarial Accrued Liability	\$ 23,921,404	\$ 22,750,748	\$ 10,654,506	\$ 10,246,623
b. Valuation Assets	20,452,570	19,941,441	9,719,433	9,537,420
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	85.5%	87.6%	91.2%	93.1%
Defined Contribution Retirement ("DCR") - Pension				
a. Actuarial Accrued Liability	\$ 18,064	\$ 14,952	\$ 190	\$ 199
b. Valuation Assets	73,068	62,938	7,568	6,700
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	404.5%	420.9%	3,983.2%	3,366.8%
DCR - Healthcare				
a. Actuarial Accrued Liability	\$ 204,540	\$ 169,396	\$ 57,093	\$ 47,797
b. Valuation Assets	246,953	212,638	77,815	68,403
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	120.7%	125.5%	136.3%	143.1%
DCR - Total				
a. Actuarial Accrued Liability	\$ 222,604	\$ 184,348	\$ 57,283	\$ 47,996
b. Valuation Assets	320,021	275,576	85,383	75,103
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	143.8%	149.5%	149.1%	156.5%

Source: Actuarial Valuation Reports as of June 30, 2022 and June 30, 2023. The fiscal year 2023 actuarial valuation report was adopted by the ARM Board on June 12, 2024.

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.

On June 12, 2024, the ARM Board adopted actuarial methodology changes related to the employer contribution interest accrual by (i) adding a half year interest adjustment to the Normal Cost and unfunded liability amortizations that are used to calculate the actuarially determined contribution rates for PERS and TRS; and (ii) backing out the half year interest adjustment when calculating additional State contributions since they are generally contributed at the beginning of each fiscal year, thereby allowing the systems to fund the half year interest loss from the employer contributions in the year the loss occurs, rather than funding the loss over 25-years.

SB 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.

As of June 30, 2023, the PERS DB membership consisted of 8,557 active members and 36,951 retirees, and beneficiaries and the PERS DC membership consisted of 26,261 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

Years of Service	Vested Percentage of Employer Contributions
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 2025.

Table 13

PERS Employer Contribution Rates

FY	ARM Board Adopted Rate	DB Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability - Poli ce/Fire	DC Occupational Death and Disability - All Others	DC Health Reimbursement Arrangement ⁽¹⁾
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%	\$ 2,302.56
2025 ⁽³⁾	26.76%	22.00%	5.00%	0.83%	0.69%	0.24%	\$ 2,386.80

- (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 13 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, 2024 and 2025 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 ten-year history of the additional PERS contributions from the State under AS 39.35.280, and estimated contributions for fiscal years 2024 and 2025. For fiscal year 2015, the State total contribution to PERS was a one-time payment of \$1 billion. For fiscal year 2025, the ARM Board has recommended a PERS contribution rate attributable to participating employers at 26.67%. This results in an estimated State contribution under AS 39.35.280 of approximately \$59,149,000.

Table 14

Additional PERS Contribution from the State (under AS 39.35.280)

FY	Legislative Bill	Amount Provided by State under AS 39.35.280 (\$000s)	Total Employer Contributions to PERS DB (\$000s)	% of Contributions made by State ⁽¹⁾
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
2023	House Bill 281	33,933	438,566	7.7
2024 ⁽³⁾	House Bill 39	37,942	412,287	8.4
2025 ⁽³⁾	House Bill 268	59,149	434,502	12.0

(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.”

(3) Estimated contributions per the State’s actuary.

Source: State of Alaska Division of Retirement and Benefits.

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 12 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, 2023. The information presented in Table 15 is derived from the 2023 PERS Actuarial 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
2022	22,750,748	19,941,441	2,809,307	87.6
2023	23,921,404	20,452,570	3,468,834	85.5

See "Pension Reforms" section for actuarial projection as of June 30, 2023.

(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: 2023 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).

Table 16

PERS - Schedule of Employer and Non-employer 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
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	31.11
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
2023	448,841	471,944	(23,103)	813,896	57.99

Source: PERS Financial Statement as of June 30, 2023.

Table 17

PERS - Schedule of Employer and Non-employer 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
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
2023	69,353	555	68,798	813,896	0.07

Source: PERS Financial Statement as of June 30, 2023.

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, 2023
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* Projected salary increases	7.25% for pension and for healthcare. 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 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 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%

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 57 employers (including the 53 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, 2023, the TRS DB membership consisted of 2,897 active members and 13,484 retirees and beneficiaries and the TRS DC membership consisted of 6,416 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

Years of Service	Vested Percentage of Employer Contributions
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 4.25 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 2025.

Table 19

TRS Employer Contribution Rates

FY	ARM Board Adopted Rate	Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability	DC Health Reimbursement Arrangement ⁽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%	\$ 2,302.56
2025 ⁽³⁾	28.59%	12.56%	7.00%	0.68%	0.08%	\$ 2,386.80

- (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, 2024 and 2025 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 ten-year history of the additional TRS contributions from the State under AS 14.25.085, and estimated contributions for fiscal years 2024 and 2025. For fiscal year 2015, the State total contribution to TRS was a one-time payment of \$2 billion. For fiscal year 2025, the ARM Board has recommended a TRS contribution rate attributable to participating employers at 28.59%. This results in an estimated State contribution under AS 14.25.085 of approximately \$123,358,000.

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 69	141,739	52,513	73.0
2023	House Bill 281	90,412	50,838	64.0
2024 ⁽³⁾	House Bill 39	98,766	42,143	70.1
2025 ⁽³⁾	House Bill 268	123,358	40,555	75.3

(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.”

(3) Estimated contribution per the State’s actuary.

Source: State of Alaska Division of Retirement and Benefits.

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, 2023. 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
2022	10,246,623	9,537,420	709,203	93.1
2023	10,654,506	9,719,433	935,073	91.2

See "Pension Reforms" herein for actuarial projection as of June 30, 2023

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

(2) Change in asset valuation method.

Source: 2023 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).

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Table 22

TRS - Schedule of Employer and Non-employer 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
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
2023	135,850	141,158	(5,308)	308,408	45.77

Source: TRS Financial Statement as of June 30, 2023.

Table 23

TRS - Schedule of Employer and Non-employer 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
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
2023	20,643	92	20,551	308,408	0.03

Source: TRS Financial Statement as of June 30, 2023.

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, 2023
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*	7.25% 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.

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	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. Deaths are assumed to result from non-occupational causes 85% of the time.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB.
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 causes 85% of the time.	RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.
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: SB 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. Based on the September 4, 2020, Forrer decision of the Supreme Court, the statutory construct related to the POBC was invalidated.

SB 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. SB 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 draft 2023 valuation reports to a PERS June 30, 2023, combined funded ratio of 85.5% and a 2023 TRS combined funded ratio of 91.2%.

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, 2023, the roll-forward actuarial valuation reported an actuarial accrued liability of \$28.9 million, actuarial value of assets of \$46.3 million, and excess assets of \$17.4 million. The NGNMRS is funded at 160.1%. It is understood that there will be no contributions to the NGNMRS until such time that the funded level is 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, 2023, roll-forward actuarial valuation, the System’s pension plan had a funded excess of \$27.2 million and was funded at 112.6%. The System’s healthcare plan had a funded excess of \$24.2 million and was funded at 226.5%.

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 21 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, 2023, the supplemental benefits system had approximately 51,400 participants. At June 30, 2023, net assets available for system benefits were \$4.8 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, 2023, the Plan had approximately 12,700 participants. As of June 30, 2023, 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, 2024, the target asset allocation for the General Fund is 15 percent short duration government / credit and 85 percent cash equivalents.

As of July 1, 2024, 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, 2023. 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, 2023 is: 34 percent public equities, 20 percent fixed income, 16 percent private equity, 10 percent real estate, 9 percent private income, 7 percent absolute return, 2 percent cash, and 2 percent tactical opportunities. 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”).

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE OF ALASKA

The information concerning the State of Alaska (“Alaska” or the “State”) set forth in this section 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 and other 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.

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 23.9 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 15.8 percent, trade, transportation, and utilities, making up 19.9 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment (Alaska Department of Labor and Workforce Development, Research & Analysis, Preliminary and adjusted estimates; 2024 Annual Average). The State’s unemployment rate in December 2024 was 4.7 percent (seasonally adjusted, preliminary), 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.

Population

Alaska’s Statewide population of 736,812 (2023 estimate) has increased in each of the last four calendar years; however, the State’s population remains below the recent peak of an estimated 739,649 residents in July 2016.

The following Table 24 summarizes the State’s population since 2014, as well as the estimated population in each of the State’s regions.

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Table 24

Population of Alaska by Region, 2014-2023

Area Name	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	Estimate July 2023
Alaska	736,416	736,989	739,649	737,783	734,055	731,007	733,391	736,110	736,508	736,812
Anchorage / Mat-Su Region	398,151	398,597	401,582	402,110	399,902	398,283	398,328	399,539	401,767	403,573
Gulf Coast Region	80,785	80,937	81,062	80,763	80,806	80,866	81,619	81,643	82,474	83,154
Interior Region	113,019	112,888	113,235	112,020	110,904	109,847	109,425	111,561	110,665	109,801
Northern Region	27,486	27,783	27,780	27,716	27,627	27,432	28,870	28,346	27,787	27,723
Southeast Region	74,437	74,278	73,742	72,941	72,657	72,373	72,286	72,688	71,873	71,077
Southwest Region	42,538	42,506	42,248	42,233	42,159	42,206	42,863	42,333	41,942	41,484

Source: US Census Bureau for 2020 Census Estimate, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2014 through 2019 and 2021 through 2023 Estimate.

Income

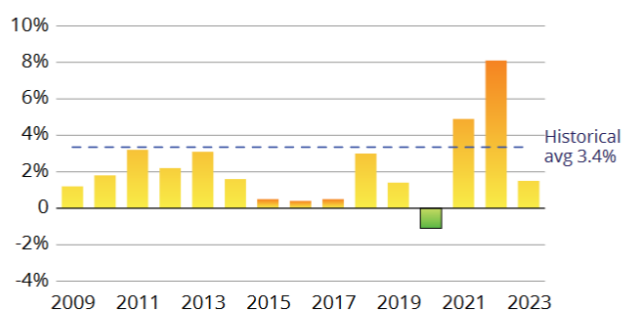
In 2023, Alaska had a per capita personal income of \$71,616, an increase from the 2014 per capita personal income of \$55,098.¹

After two years of rapid price increases in 2021 and 2022, inflation in Alaska’s consumer price index slowed to more historical levels. In 2023, urban Alaska prices rose about 1.5 percent from the previous year. National inflation, after two similarly high years, also slowed but not as dramatically, to 4.1 percent. Between 2019 and 2023, prices increased the most for transportation and other goods and services (27 percent), followed by 19 percent for food, 17 percent for medical care, 10 percent for housing, 8 percent for recreation, and 2 percent for clothes. Prices for education and communication fell approximately 1 percent over the 2019-2023 time period. The Consumer Price Index for urban Alaska is the state's only official measure of inflation.²

¹ St. Louis Fed Economic Data (“FRED”), <https://fred.stlouisfed.org/series/AKPCPI>

² Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2024.

Alaska's CPI tracks changes in the price level of a "market basket" of goods and services for the average consumer through surveys of consumer expenditure patterns and prices collected in Anchorage and the Matanuska-Susitna Borough. The inflation rate, or price change between two periods, is calculated as the percent change in the index. While the U.S. Bureau of Labor Statistics publishes CPIs for many cities, they can't be used to compare costs between areas because each is indexed to prices at a specific time in a given place. The index values only show how much prices have risen there since a base period, which is set at 100. The following chart depicts urban Alaska inflation from 2009 to 2023.³



Source: U.S. Department of Labor, Bureau of Labor Statistics, CPI-U for Urban Alaska

The cost of living in Alaska remains significantly higher than the national average. According to the survey average of 265 cities from the Council for Community and Economic Research, Cost of Living Index 2023, which compares cities' costs to the U.S. average, the cost of living in Anchorage, Fairbanks, and Juneau, in comparison to the total index is approximately 123.7, 124.2, and 127.8 percent, respectively, more expensive than the average index of the U.S.⁴

Employment

The unemployment rate for Alaska for October 2024 was 4.6 percent, as compared to a national unemployment rate for the same period of approximately 4.1 percent (seasonally adjusted, preliminary). Historically, Alaska's unemployment rate has exceeded the national rate. The unemployment rate for the Anchorage/Mat-Su Economic Region and the Interior Economic Region (which includes the Fairbanks North Star Borough and Denali Borough) for October 2024 was 3.9 percent and 4.4 percent, respectively.⁵

³ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2024.

⁵ Alaska Department of Labor and Workforce Development, and the U.S. Bureau of Labor Statistics, not seasonally adjusted, preliminary.

The largest employment sector in Alaska is Government comprised of federal (except military), State (including the University of Alaska) and local and tribal government employees (including public schools). Government employment on average for calendar year 2023 was 78,400. The largest non-government sector of employment was Trade, Transportation and Utilities with 65,200. The table below provides a summary of the employment of the Alaska labor force by industry, comparing changes in the averages from 2022 to 2023, and a forecast (as of January 2024) for 2024 averages.⁶

Statewide Jobs, by industry - Annual Average, 2022 and 2023, and Forecast 2024:

	Monthly avg, 2022 ¹	Monthly avg, 2023 ¹	Change, 2022-23	Percent change	JOBS FORECAST		
					Monthly avg, 2024	Change, 2023-24	Percent change
Total Nonfarm Employment²	318,800	326,200	7,400	2.3%	331,600	5,400	1.7%
Total Private	241,600	247,800	6,200	2.6%	252,700	4,900	2.0%
Mining and Logging	10,900	11,500	600	5.5%	12,500	1,000	8.7%
Oil and Gas	7,000	7,400	400	5.7%	8,000	600	8.1%
Construction	16,100	16,700	600	3.7%	17,800	1,100	6.6%
Manufacturing	12,100	12,600	500	4.1%	12,600	0	0%
Trade, Transportation, and Utilities	63,800	65,200	1,400	2.2%	66,000	800	1.2%
Wholesale Trade	6,200	6,400	200	3.2%	6,500	100	1.6%
Retail Trade	35,000	35,300	300	0.9%	35,500	200	0.6%
Transportation, Warehousing, and Utilities	22,600	23,500	900	4.0%	24,000	500	2.1%
Information	4,700	4,600	-100	-2.1%	4,600	0	0%
Financial Activities	11,000	10,900	-100	-0.9%	10,900	0	0%
Professional and Business Services	27,300	28,100	800	2.9%	28,600	500	1.8%
Educational (private) and Health Services	50,100	51,300	1,200	2.4%	52,000	700	1.4%
Health Care	38,900	40,000	1,100	2.8%	40,600	600	1.5%
Leisure and Hospitality	34,300	35,600	1,300	3.8%	36,100	500	1.4%
Other Services	11,100	11,400	300	2.7%	11,600	200	1.8%
Total Government	77,200	78,400	1,200	1.6%	78,900	500	0.6%
Federal, except military	15,000	15,400	400	2.7%	15,400	0	0%
State, incl. University of Alaska	22,400	22,800	400	1.8%	23,100	300	1.3%
Local and tribal, incl. public schools	39,800	40,200	400	1.0%	40,400	200	0.5%

¹Preliminary and adjusted estimates. ²Excludes 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 Section

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. Excluding military, nearly 5 percent of the State's workforce is employed by the federal government. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

According to the U.S. Census Bureau's 2021 Annual Survey of State Government Finances, in Alaska's fiscal year ended 2021, federal spending comprised 57.2 percent of total State general revenue, with 11.5 percent from taxes, 6.4 percent from service charges, approximately 0.1 percent from local sources, and 24.9 percent from miscellaneous sources.

Oil and Gas⁷

According to a study completed by McKinley Research Group, LLC, for the Alaska Oil and Gas Association (November 2023), the primary oil and gas companies employed 4,105 workers (including non-resident workers) earning \$1.1 billion in total wages in 2022. Alaska residents represented

⁶ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, January 2024.

⁷ McKinley Research Group, LLC (November 2023). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from <https://www.aoga.org/wp-content/uploads/2024/04/MRG-Economic-Impacts-of-Oil-and-Gas-Report-Final-3.7.24.pdf>.

approximately 83 percent of primary company total hire in Alaska, earning approximately \$904 million in wages. Primary company spending with Alaska vendors was estimated at \$4.6 billion. Additionally, in 2022, local governments generated \$449 million from taxation of oil and gas properties, 21 percent of all local government tax revenue in Alaska.⁸⁹

From 2015 to 2021, the oil and gas industry lost 8,431 jobs, or 56 percent of its total. The industry added back just 354 jobs in 2022 and 518 more in 2023. In Alaska, as the Pikka and Willow projects are developed, The Alaska Department of Labor expects employment to spike in the short term. The shape of growth after that is difficult to forecast, but projections for the industry is for 9,718 total jobs by 2032, which would be 5 percent below its 2019 peak but 38 percent higher than in 2022.¹⁰

Government⁹

Government was responsible for approximately 78,000 jobs on average in calendar year 2023, nearly a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Within the local government sector, administrations and school districts represented the largest employers and accounted for approximately 12.3 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 7.0 percent of total nonfarm employment and includes the University of Alaska system.

Health Care¹⁰

The health care sector employed approximately 40,000 people on average in 2023 and accounted for approximately 12.3 percent of total nonfarm employment. Alaska providers have repeatedly adjusted wages up to remain competitive in attracting and retaining workers, resulting in significant overall wage increases. Healthcare wages in Alaska increased by \$867 million, or 38%, from 2016 to 2022. Comparatively, wages in Alaska overall have grown by 17% during the same period. The overall average healthcare wage in Alaska was \$73,729 in 2022.

Healthcare workers in Alaska earned nearly \$3.2 billion in 2022. The healthcare sector pays out more wages than any other industry in Alaska. Healthcare wages comprised 13% of all wages paid in the State, including healthcare wages from government facilities, and self-employed providers. The table below provides a summary of the total healthcare wages paid in Alaska by year from 2016 to 2022.

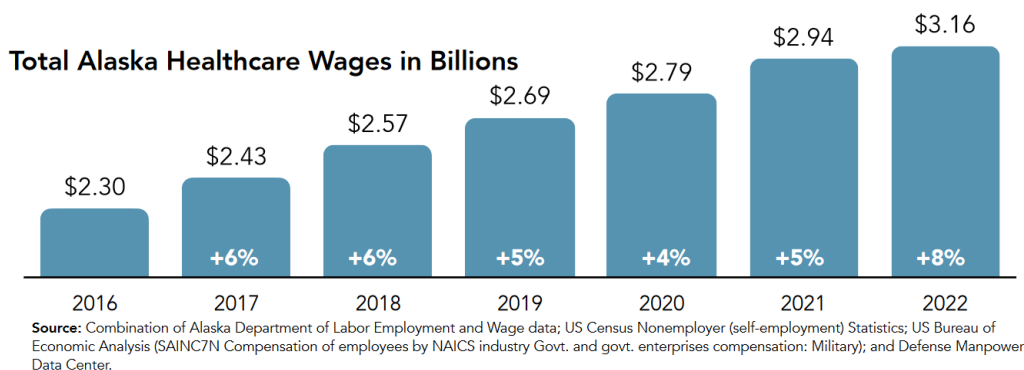
⁹ McKinley Research Group, LLC (November 2023). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from <https://www.aoga.org/wp-content/uploads/2024/04/MRG-Economic-Impacts-of-Oil-and-Gas-Report-Final-3.7.24.pdf>.

¹⁰ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, October 2024.

⁹ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, January 2024.

¹⁰ Alaska Hospital and Healthcare Association, 2023 Alaska Healthcare Workforce Analysis, Prepared by Rain Coast Data, retrieved from https://www.alaskahha.org/_files/ugd/ab2522_bde54b435a474ca48101c58d9239da21.pdf.

Total Alaska Healthcare Wages by year - 2016 through 2022:



Fisheries

Approximately 4.8 billion pounds of seafood worth \$2.0 billion was harvested on average in 2022. Processors turned this harvest into 2.3 billion pounds of product worth \$5.2 billion. Alaska produces approximately 60 percent of the total United States seafood harvest and 1.3 percent of the global seafood harvest (including both wild capture and aquaculture).¹¹

On average in 2021/2022, the top commercial species in Alaska include salmon, making up 41 percent of first wholesale value, followed by pollock at 30 percent. Additional species harvested include crab, pacific cod, flatfish and rockfish and halibut and sablefish.³

Alaska's seafood was harvested, and processed, by 147 shore-based processing plants, 44 catcher-processors, approximately 33 floating processors, and various other participants on average in 2021/2022. This subsector employed approximately 17,900 workers at peak monthly employment, and approximately 8,000 workers on average annually. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 66 percent of all manufacturing employment in Alaska.³

In 2022, the top seven ports ranked by landings value in Alaska were Naknek/King Salmon ranked first (\$299 million), Dutch Harbor ranked second (\$160 million), Aleutian Islands ranked third (\$144 million), Kodiak ranked fourth (\$139 million), Alaska Peninsula ranked fifth (\$91 million). Sitka ranked sixth (\$78 million), and Cordova ranked seventh (\$76 million).

Since 2019, seafood harvesting employment has dropped significantly. In 2019, July peaked at more than 23,000 fish harvesters. By July 2023, the annual high only reached 20,241, which was almost 400 below the July 2022 annual high. Salmon harvesters, the largest category by far, has seen decreases in both the yearly average and the monthly peaks every year since 2020. The Yukon Delta salmon fishery has caused a majority of the downward trend, although other regions have also lost salmon fishing jobs. Only Bristol Bay and the Northern Region added salmon harvesters in 2023. The Yukon Delta's harvesting job count has fallen over 40 percent each year since 2019, and 2022's drop was the largest yet at 60.5 percent. Salmon once provided over 94 percent of the Yukon Delta's fishing employment, but that number is now

¹¹ Economic Value of the Alaska Seafood Industry, McKinley Research Group, LLC. April 2024, retrieved from https://www.alaskaseafood.org/wp-content/uploads/MRG_ASMI-Economic-Impacts-Report_2023_WEB-PAGES.pdf

zero after jobs peaked at 1,044 in August 2018. A small number of groundfish harvesting jobs are all that remain.

Additionally, crab harvesting employment declined slightly in 2021 and then dropped precipitously after closures hit in 2022, shrinking the crab harvesting workforce by nearly 21 percent. The annual average job count in 2022 was just 346. Snow crab closures will likely prompt ongoing job losses in the fishing industry, and while prices and job levels do not typically move together, prices for salmon and sablefish have dropped significantly. Some of the 2022 stock has carried over into 2023, driving prices down and compounding the oversupply caused by Russia flooding the market at low prices. Sablefish prices have also dropped this year because of a glut compounded by the Russian oversupply. At the same time, economic trouble and wars around the world have depressed the demand for seafood products, and inflation has increased processors' costs. While the United States has now banned the import of Russian seafood, the ban covers only unaltered seafood originating in Russia. Russian harvests sent to another country for processing can still enter the U.S. market, and this is especially prevalent in pollock and salmon fisheries, enabling Russia's low prices to continue depressing Alaska's fisheries.¹²

A wave of seafood processing facilities across Alaska were either put up for sale or scheduled to close during 2024, beginning with a press release from Trident Seafoods in early December 2023 and ending with an announcement from OBI Seafoods at the end of January 2024. Trident announced it was seeking buyers for its processing and related assets in Kodiak, Ketchikan, Petersburg, False Pass, South Naknek, and Chignik. The company will also significantly scale back its winter operations in Kodiak in 2024.

Seafood processing has employed nearly 20,000 people at the yearly salmon processing peak in recent years, paying more than \$600 million in annual wages. Its importance to the State's economy is amplified by the market it provides to the tens of thousands of Alaska fishermen working mainly from coastal communities whose economies depend on the seafood industry. The processing facilities that will be sold or closed, temporarily or permanently, represent about 15 percent of the State's seafood processing jobs in the State at the yearly peak, typically July. Sales are already in progress for many of the plants. Trident announced in March 2024, for example, that sales are nearly final for its False Pass, Petersburg, and Ketchikan plants, which may mitigate the loss of processing capacity and buyers for the fishing fleet, but market forces have created a difficult environment for processors and harvesters.¹³

Mining

Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, germanium, as well as construction minerals such as sand, gravel, and rock. Alaska's eight largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Manh Choh, Gil, 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 2021.¹⁴

Tourism¹⁵

An estimated 2,648,600 out-of-state visitors traveled to Alaska in summer 2023, representing a 20 percent increase from the summer of 2019. By transportation market for Summer 2023, approximately

¹² Alaska Department of Labor and Workforce Development, Alaska Economic Trends, November 2023.

¹³ Alaska Department of Labor and Workforce Development, Alaska Economic Trends, April 2024.

¹⁴ The Economic Benefits of Alaska's Mining Industry, McKinley Research Group report for the Alaska Miners Association. 2021.

¹⁵ McDowell Group, Inc. report for ATIA on Alaska's Visitors Volume, Winter 2018-19 and Summer 2019.

65 percent traveled by cruise ship, 32 percent were air visitors, and 3 percent were highway / ferry visitors. The increase is largely attributable to a 29% growth in cruise passenger volume. Air visitors grew by 8%, while highway/ferry visitors fell by 15% over the same time period.

An estimated 3.05 million visitors traveled to Alaska during the 12-month period of May 2023 and April 2024. Nearly nine out of ten visitors (87 percent) arrived in the summer months, while 13 percent arrived in the winter months. The most recent 12-month period of 2023-24 saw an estimated 20 percent more visitors than the pre-COVID period of 2018-19 of approximately 2.54 million visitors. Most of the change was attributable to a 29 percent increase in cruise volume. Air visitors increased by 13 percent, while highway/ferry visitors fell by 16 percent.

Retail¹⁶

A number of chain and homegrown retailers opened in Alaska during the past two decades. 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 35,300 jobs on average in Alaska in 2023.

Transportation

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 237 airports, most of which are rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport ("FAI"). ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo tonnage, ANC was ranked as the number one cargo airport in North America and as the number four cargo airport in the world by Airports Council International in calendar year 2023. In fiscal year 2024, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) was approximately 32,819,827, an increase from 30,956,097 in fiscal year 2023. In fiscal year 2023, passenger activity at ANC (including passenger enplanements, passenger deplanements and

¹⁶ Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

in-transit passengers) was approximately 5.45 million, as compared to 5.16 million in 2022, 3.00 million in 2021, 4.4 million in 2020, and 5.7 million in 2019.¹⁷

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, and other goods 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 assets include 682 freight revenue railcars, 45 passenger railcars, 51 locomotives and 2 power cars, and yards in Seward, Anchorage, Whittier and Fairbanks. The Alaska Railroad plays an important economic role. In 2022, the Alaska Railroad carried 3.7 million tons of freight and 461,949 passengers. As of 2022, the railroad employed 594 year-round employees, and approximately 123 additional employees are hired for additional summer activity.¹⁸

¹⁷ Alaska International Airport Systems, EMMA disclosure, <https://emma.msrb.org/P11729201-P11329249-P11763239.pdf>

¹⁸ Alaska Railroad Corporation, https://www.alaskarailroad.com/sites/default/files/Communications/FACT-SHEET_2023_ARRC_Quick-Facts_or.pdf.

MEMORANDUM

STATE OF ALASKA
Department of Revenue

TO: State Bond Committee

FROM: Ryan Williams
State Debt Manager
DOR - Treasury Division

DATE: February 3, 2025

TELEPHONE: 907-465-2893

SUBJECT: Report

The State's issuance of the AIAS Series 2025A and 2025B (forward delivery) bonds priced on January 15th. The post-pricing book from the State's financial advisor Masterson Advisors will be distributed to the SBC through separate cover. Some of the highlights include the issuance of \$117.96 million in par to refund the State AIAS Revenue Bonds - Series 2016A, and 2016B with total principal for redemption of approximately \$135.87 million. The Series 2025A bonds closed on January 23, 2025, and the Series 2025B (forward delivery) bonds will close on July 8, 2025. Upon closing of the 2025B, with recent closing of the 2025A, total gross savings of the current and forward transaction results in approximately \$8.9 million in net present value savings. The Series 2025A Bonds achieved a True Interest Cost of approximately 3.51% with final maturity on 10/1/2035, and the Series 2025B Bonds achieved a True Interest Cost of 3.84% with final maturity on 10/1/2035 (the final maturity of the refunded bonds did not change). Additional savings were taken in final maturity years of the Bonds to maintain general uniformity in aggregate annual debt service requirements of the AIAS.

Budget process – I am continuing to provide information to OMB to identify the FY 2026 debt service needs of the State as well as change records for FY 2025.

The State's continuing disclosures for outstanding debt have been posted, including the Fall 2024 Revenue Sources Book and Forecast, FY 2024 ACFR Late Notice with estimation of completion date, the State Debt Book 2024-2025, and other specific reporting for the State, including information for the AIAS annual report.