

STATE OF ALASKA

STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 403 340 208#
Juneau, Alaska 99801
July 18, 2025
10:00 AM Alaska Time



STATE BOND COMMITTEE AGENDA FOR MEETING

Meeting Place:
TELEPHONIC MEETING
State of Alaska – Department of Revenue
333 Willoughby Ave., Floor 11
Commissioner's Conference Room
Juneau, AK 99801

Call-in: (907) 202-7104,
Conference ID: 403 340 208#

July 18, 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 February 7, 2025, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2025-02 – Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2025 (Veterans Mortgage Program)
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE - JULY 18, 2025

Notice is hereby given that the State of Alaska - State Bond Committee ("SBC") will hold a meeting on July 18, 2025, at 10:00 a.m. Alaska Time. This will be a telephonic meeting, with participation at (907) 202-7104, with code 403 340 208#.

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 February 7, 2025, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2025-02 - Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2025 (Veterans Mortgage Program)
- VIII. Debt Manager's Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

Dated July 7, 2025
(907) 465-2893

Attachments, History, Details

Attachments

SBC Agenda 7-18-2025.pdf

Revision History

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Details

Department:	Revenue
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Sub-Category:	
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Events/Deadlines:	

**MINUTES of the
STATE BOND COMMITTEE
February 7, 2025**

A meeting of the State Bond Committee (SBC) was held at 10:01 a.m. Alaska Time on February 7, 2025. The meeting was held telephonically at 1-907-202-7104, with code 787 811 590#.

SBC Members present were:

Fadil Limani, Deputy Commissioner, Delegate for the Department of Revenue ("DOR")

Anna Latham, 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

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

Kayla MacEwen, Masterson Advisors, LLC, MA to the SBC

Brendan Cooney, Masterson Advisors, LLC, MA to the SBC

Tom Yang, Managing Director, RBC, Underwriter

Eric Whaley, Managing Director, Bank of America, Underwriter

I. Call to Order

Committee members Eric DeMoulin, Fadil Limani, and Anna Latham were present. Mr. Limani called the meeting to order at 10:01 a.m. Alaska Time on February 7, 2025. Mr. Limani agreed to facilitate the current meeting and introduced Anna Latham to the Committee, as the Chair and delegate for the Commissioner of DCCED.

II. Roll Call

Mr. Williams took roll call. Mr. DeMoulin, Mr. Limani, and Ms. Latham 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 January 28, 2025, for the February 7, 2025, meeting date.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Mr. DeMoulin moved approval of the Agenda as written and Ms. Latham seconded approval. There were no amendments. Mr. Limani 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 December 9, 2024, SBC Meeting

The Meeting Minutes of the December 9, 2024, SBC Meeting were reviewed by the committee. Mr. DeMoulin moved adoption of the meeting minutes as written, and approval was seconded by Ms. Latham. The Minutes needed no modifications. Mr. Williams conducted a roll call vote and there were three 'yes' votes and the December 9, 2024, SBC meeting minutes were unanimously approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Mr. Limani asked for public participation and comments. There were no comments. The Public Comment period was closed.

VII. New Business

Resolution No. 2025-01 – A Resolution of the State Bond Committee of the State of Alaska

Mr. Williams introduced Resolution 2025-01 relating to the authorization of 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 (the "Mat-Su" or "the Borough") of its State of Alaska Lease Revenue Refunding Bonds, Series 2025 (Goose Creek Correctional Center Project). Mr. Williams described a history of the project, original issuance and subsequent lease revenue refunding bonds of the Borough and reductions in lease purchase payments over time. The refunding issuance is expected to result in lease payments by the Department of Administration that are lower than the lease payments under the Amended Lease Purchase Agreements. Mr. Williams noted that the State Debt Manager, the Secretary of the Committee or their respective designees are each a Designated Representative and would be 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.

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, to refund all or a portion of the Refunding Candidates, or purchase through the Tender Transaction all or a portion of the Target Bonds. Mr. Williams mentioned the Series 2015 (Goose Creek Correctional Center Project) are the targeted bonds with approximately \$104.39 million in par outstanding. As the Borough has determined, the Series 2025 Bonds shall be sold by negotiated sale to RBC Capital Markets, LLC and BofA Securities. Mr. Williams then noted that the committee packet contains a form of state appendix within the preliminary official statement of the Borough with preliminary information from the Fall 2024 Revenue Sources Book and that he would continue to update. Mr. Williams mentioned there is a draft schedule, and a preliminary number run in the packet as well.

Mr. Limani asked Mr. Yang, RBC, to describe current market conditions. Mr. Yang reviewed the market backdrop and contemplated schedule. With recent number runs by underwriters concerning the refunding transaction, the current estimated savings is in the six percent range, but this component would be inspected further for advantageous savings to the state on lease purchase payments as the Borough moves toward pricing the week of March 10th. There were no additional questions. Mr. DeMoulin moved to approve Resolution 2025-01, and the motion was seconded by Ms. Latham. Mr. Limani asked for any additional comments from the committee. There were no additional comments. Mr. Limani asked for a roll call vote. Mr. Williams took a roll call vote, and the State Bond Committee then unanimously approved Resolution 2025-01 with three yes votes.

VIII. Debt Manager's Report

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

The State issued the AIAS Series 2025A and 2025B (forward delivery) bonds, which priced on January 15th. The post-pricing book from the State's financial advisor Masterson Advisors was distributed to the SBC. The issuance of \$117.96 million in par refunded, or will refund upon closing, 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 will result 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 – Mr. Williams continues to provide information to OMB to identify the FY 2026 debt service needs of the State as well as describe activity and change records for FY 2025.

Mr. Williams noted 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 requirements of the State.

IX. Committee Member Comments

Mr. Limani welcomed Ms. Latham and asked her for any comments. Ms. Latham mentioned that she looked forward to working with everyone and felt fortunate to be on the Committee for the DCCED. Mr. DeMoulin thanked the DOR for work on recent transactions, and Mr. Limani noted the significant savings to the State from the bond transactions over the last 12 months.

X. Schedule Next Meeting

Mr. Limani stated that the next meeting shall occur at the call of the Chair with input from the entire Committee and the State Debt Manager.

XI. Adjournment

Adjournment of the meeting was moved by Mr. DeMoulin and seconded by Ms. Latham. The meeting was adjourned at approximately 10:23 a.m. Alaska Time.

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

ATTEST:

Pamela Leary, Director – Treasury Division, Department of Revenue

STATE BOND COMMITTEE

RESOLUTION NO. 2025-02

A Resolution of the State Bond Committee of the State of Alaska relating to and approving the issuance and sale by the Alaska Housing Finance Corporation of not to exceed \$125,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds (Veterans Mortgage Program).

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

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

WHEREAS, as provided in AS 18.56.110, the Corporation has requested the State Bond Committee (the “Committee”) to approve the issuance by the Corporation of not to exceed \$125,000,000 aggregate principal amount of Alaska Housing Finance Corporation Collateralized Bonds (Veterans Mortgage Program), in one or more series, for the purpose of purchasing mortgages made for qualifying veterans (the “2025 Bonds”); and

WHEREAS, AS 18.56.110(d) requires the Corporation to sell State guaranteed bonds, including the 2025 Bonds, at public sale in amounts and at times approved by the Committee, on terms fixed under a notice of sale (the “Notice of Sale”); and

WHEREAS, the Corporation will prepare a preliminary official statement and a notice of sale (together, the “Preliminary Official Statement”) with respect to the 2025 Bonds in connection with the public sale of the 2025 Bonds 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; and

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

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

Section 1. Authorization of the 2025 Bonds. The issuance by the Corporation of not to exceed \$125,000,000 aggregate principal amount of 2025 Bonds to purchase mortgages made for qualifying veterans is hereby approved. The 2025 Bonds when issued by the Corporation in accordance herewith will be guaranteed as to principal and interest by the State, and the full faith,

credit and resources of the State will be pledged to the payment thereof. The 2025 Bonds shall be sold by the Corporation at public sale no later than November 4, 2025, and with the terms to be fixed under the Notice of Sale.

Section 2. Disclosure. The Committee hereby designates the Debt Manager of the Department of Revenue and the Secretary of the Committee to act on its behalf as the Designated Representative. The Committee hereby authorizes the Designated Representative to review and approve, on behalf of the State, the information about the State to be included in the Preliminary Official Statement and the Official Statement for the 2025 Bonds. The Designated Representative is hereby further authorized to execute and deliver certificates to appropriate parties regarding such disclosure information.

The Committee hereby authorizes the Designated Representative and all other appropriate State officials to execute a continuing disclosure certificate and any and all other documents required to be executed on behalf of the State in connection with the sale and issuance of the 2025 Bonds.

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

ADOPTED AND APPROVED by the State Bond Committee of the State of Alaska, this
18th day of July, 2025.

STATE OF ALASKA
STATE BOND COMMITTEE

JULIE SANDE

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

ADAM CRUM

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

PAULA VRANA

Commissioner, Department of Administration
Member
Alaska State Bond Committee

Approved as to form:

Alaska Department of Law
State of Alaska

CERTIFICATE

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

1. That the attached resolution is a true and correct copy of Resolution No. 2025-02 of the Committee (the “Resolution”), duly passed at a meeting thereof held on July 18, 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 18th day of July, 2025.

Secretary

CERTIFICATE

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

1. The attached resolution is a true and correct copy of Resolution No. 2025-02 of the Committee (the “Resolution”), duly adopted and executed at a meeting thereof held on the 18th day of July, 2025.

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

3. The Resolution remains in full force and effect and has not been amended, modified, superseded or repealed since July 18, 2025.

Dated: _____, 2025

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

Since 1980, when the Mortgage Subsidy Bond Tax Act was enacted, Alaska also had been subject to a \$200 million annual ceiling on tax-exemption for qualified mortgage revenue bonds (AHFC's various mortgage revenue bonds, also known as its first-time home-buyer bonds, along with multifamily and conduit bonds). AHFC's allocation and usage of PAB is presented in Table 5.4.

b. Bond Authorization

AS 18.56.110(g) which took effect in FY 1982 placed a statutory ceiling on AHFC annual bond issuance for the first time. The annual issuance amount currently authorized is \$1,500 million.

c. Security for Debt

Included in the above amounts are State Guaranteed veterans' bonds which were authorized by law and the voters in the following amounts (in millions):

<u>Authorization Calendar Year</u>	<u>Authorized</u>	<u>Issued as of June 30, 2024</u>
1982	\$400.0	\$400.0
1983	500.0	500.0
1984	700.0	700.0
1986	600.0	600.0
2002	500.0	500.0
2010	<u>600.0</u>	<u>65.3</u>
Total:	<u>\$3,300.0</u>	<u>\$2,765.3</u>

As of June 30, 2024, approximately \$534.7 million of state guaranteed bonds remain unissued. The unissued authority decreased by \$49.9 from June 30, 2023, which is attributed to newly issued debt of the same amount during the fiscal year.

d. Debt Issued and Outstanding

Table 3.3 summarizes AHFC debt issued and outstanding by type of debt.

FORM OF APPENDIX FOR ALASKA HOUSING FINANCE CORPORATION COLLATERALIZED BONDS (VETERANS MORTGAGE PROGRAM)

INFORMATION CONCERNING THE STATE OF ALASKA

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

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State’s population grew each year and increased approximately 8.2 percent between fiscal year 2008 and fiscal year 2016; however, compared to 2016 the population has contracted by approximately 0.2 percent with a population estimate of 741,147 (2024 preliminary and adjusted estimates, Alaska Department of Labor and Workforce Development, Research & Analysis Section).

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

State Government

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

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

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

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

State 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 May 2025 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 ("DOR") 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 Spring 2025 Revenue Forecast, released by the DOR on March 12, 2025. The next forecast update, the Fall 2025 Revenue Sources Book and Forecast (the "Fall 2025 Revenue Forecast"), is anticipated to be released in December 2025.

The DOR may occasionally develop a monthly Outlook Update that is used internally to review near-term revenue projections. While this update does not incorporate the level of rigor and detail placed into the official spring and fall revenue forecasts, it does give an indication of how revenues are anticipated to perform based on certain information available as of the date of release. The DOR released an Outlook Update on June 12, 2025, with an internal revenue outlook for fiscal year 2025 and fiscal year 2026, based on the most recent information available as of May 29, 2025. The updated outlook is based on ANS oil prices averaging \$73.76 per barrel for fiscal year 2025 and \$64.23 for fiscal year 2026. The oil prices in the Outlook Update are based on the most recent futures market prices. In comparison to the Spring 2025 Revenue Forecast, the ANS oil price outlook decreased by \$0.72 per barrel for fiscal year 2025 and decreased by \$3.77 per barrel for fiscal year 2026. The unrestricted general fund revenue projection in the Outlook Update increased by \$19 million in fiscal year 2025 from the Spring 2025 Revenue Forecast, while the unrestricted revenue projection for fiscal year 2026 decreased by approximately \$222 million due to the lower oil price projections as well as estimated reductions in corporate income tax collections. The Outlook Update represents one plausible scenario within a range of potential outcomes for near-term revenue projections.

The Spring 2025 Revenue Forecast reflects an essentially unchanged unrestricted General Fund revenue for fiscal year 2025 and a decrease in the unrestricted General Fund revenue for fiscal year 2026, compared to the Fall 2024 Revenue Sources Book and Forecast (“the “Fall 2024 Revenue Forecast”), released by the DOR on December 12, 2024. The unrestricted General Fund revenue is forecasted to be essentially unchanged from the Fall 2024 Revenue Forecast due to a slightly higher expected Alaska North Slope (“ANS”) oil price forecast increasing by \$0.62 per barrel for fiscal year 2025, which is offset by slightly lower revenues from other sources. The Spring 2025 Revenue Forecast is forecasting a decrease in oil prices by \$2.00 per barrel for fiscal years 2026 and 2027, respectively. The ANS oil production forecast has been adjusted to an average of 461.0 thousand barrels per day for fiscal year 2024, 466.8 thousand barrels per day for fiscal year 2025 and 464.0 thousand barrels per day for fiscal year 2026, representing an increase of 200 barrels per day for fiscal year 2025 and a decrease of 5,500 barrels per day for fiscal year 2026 when compared to the Fall 2024 Revenue Forecast.

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, and has not been updated since that date. 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 most recent federal funds forecast was included in the Fall 2024 Revenue Forecast, which included \$74.5 million total across federal fiscal years 2022-2031 to support a Home Energy Rebate program, and no additional effects to State revenues from the IRA were reflected in the Fall 2024 Revenue 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 DOR monitors these incentives for potential State revenue impacts.

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 \$71.3 billion as of May 31, 2025, unaudited, may not be spent without amending the State Constitution. The balance of the Permanent Fund Earnings Reserve, which was approximately \$11.8 billion as of May 31, 2025, unaudited, may be appropriated by a majority vote of the Legislature. See “—Government Funds—The Alaska Permanent Fund.” In 2018, the Legislature enacted Senate Bill 26 (“SB 26”), which directs the State to appropriate amounts through a Percent of Market Value transfer (“POMV”) from the Earnings Reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue. The amount in the Permanent Fund Earnings Reserve as of May 31, 2025, includes approximately \$3.8 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year.

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 3. 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 Fund 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, the Permanent Fund Dividend amount, paid in calendar year 2024, was \$1,702 per qualified resident, and the amount of the Permanent Fund Dividend paid in calendar year 2025 is estimated to be \$1,000 per qualified resident.

Historically, petroleum-related revenue was 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. As a result of SB 26, the percentage of unrestricted General Fund revenue that petroleum-related revenue represented was reduced 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 Spring 2025 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 27 percent in fiscal year 2026.

In the Spring 2025 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$6,229.0 million in fiscal year 2025 and \$6,128.6 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 Spring 2025 Revenue Forecast, the State forecasts that ANS oil prices will average \$74.48 in fiscal year 2025 and \$68.00 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 466.8 thousand barrels of oil per day in fiscal year 2025 and 464.0 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 Spring 2025 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 Spring 2025 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$141.1 million in fiscal year 2025 and \$141.6 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 Spring 2025 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 from the State 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 Spring 2025 Revenue Forecast to be \$558 million in fiscal year 2025 and \$417 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 landowner, 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.

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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.....	\$1,687.9	\$1,109.5	\$ 876.9	\$ 1,940.2	\$ 2,043.8	\$ 1,083.1	\$ 1,217.6	\$ 3,480.8	\$ 3,119.4	\$ 2,469.9
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.....	671.4	517.8	823.2	508.0	575.8	621.5	388.5	593.5	752.7	562.4
	\$2,359.3	\$1,627.4	\$1,700.2	\$2,448.2	\$2,619.6	\$1,704.6	\$1,606.1	\$4,074.3	\$3,872.1	\$3,032.3
Total Oil Revenue										

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

(2) Net of Permanent Fund, Public School Trust Fund, and CBRF deposits. The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal years 2018 and 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. See “—Government Funds—The Alaska Permanent Fund” below.

(3) Includes both Designated General Fund Royalties and Other Restricted Royalties. Beginning with 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, the Department of Revenue.

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 Spring 2025 Revenue Forecast, the State forecasts the value to be \$573.5 million in fiscal year 2025 and \$600.8 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, and \$6.1 billion in fiscal year 2024. In the Spring 2025 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$7.1 billion in fiscal year 2025 and \$6.1 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 \$83.1 billion as of May 31, 2025, unaudited, which includes approximately \$3.8 billion committed to the State’s General Fund pursuant to SB 26 for the succeeding fiscal year. 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 \$2.9 billion as of May 31, 2025, 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 Spring 2025 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$121.3 million in fiscal year 2025 and \$89.6 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.

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.

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	3,978
2028	4,017
2029	4,137
2030	4,269
2031	4,404
2032	4,542
2033	4,685
2034	4,834
2035	4,989

⁽¹⁾ APFC transfer projections as of the Spring 2025 Revenue Forecast, and subject to change.
Source: Spring 2025 Revenue Forecast, the Department of Revenue.

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 2024, was zero. See “—Government Funds —*The Statutory Budget Reserve Fund*” below.

In addition to investment income from the above-described funds, the State received investment income (including interest paid) from investment of other unrestricted funds in the amount of \$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 Spring 2025 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately \$119.1 million in fiscal year 2025 and \$83.6 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 Spring 2025 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	\$ 1,879.1	\$ 1,645.3
Non-Oil Revenue	490.1	454.8	444.3	448.1	472.3	487.3	573.5	600.8
Investment Earnings	2,815.9	2,991.2	3,120.9	3,010.2	3,458.3	3,674.1	3,776.4	3,882.5
Subtotal	\$ 5,349.8	\$ 4,529.1	\$ 4,782.8	\$ 6,939.2	\$ 7,050.0	\$ 6,631.2	\$ 6,229.0	\$ 6,128.6
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ 575.8	\$ 621.5	\$ 376.0	\$ 576.7	\$ 711.2	\$ 539.3	\$ 478.7	\$ 460.3
Non-Oil Revenue	631.2	558.6	590.9	643.0	680.5	710.7	841.0	785.0
Investment Earnings ⁽³⁾	1,188.0	(1,208.5)	16,460.9	(6,422.1)	1,210.1	2,319.6	2,670.0	2,446.2
Federal Revenue	3,434.5	4,173.0	7,555.0	6,911.8	5,826.8	6,097.1	7,168.9	6,080.7
Subtotal	5,829.6	4,144.6	24,982.8	1,709.4	8,428.6	9,666.7	11,158.6	9,772.2
Total	\$ 11,179.4	\$ 8,673.7	\$ 29,765.6	\$ 8,648.6	\$ 15,478.7	\$ 16,298.0	\$ 17,387.5	\$ 15,900.8

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 Spring 2025 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 2025 Revenue Forecasts, the Department of Revenue.

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.

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.

Through a special appropriation in the enacted fiscal year 2026 budget, if the unrestricted General Fund revenue, including the POMV transfer, collected in fiscal year 2026, exceeds \$6,300,000,000, the amount remaining, after all appropriations have been made that take effect in fiscal year 2026, of the difference between \$6,300,000,000 and the actual unrestricted General Fund revenue collected in fiscal year 2026, not to exceed \$700,000,000, is appropriated from the General Fund to the CBRF.

The State's enacted budget for fiscal year 2026 includes approximately \$14.7 billion in expenditures, compared to \$15.9 billion in fiscal year 2025. For the enacted fiscal year 2026 budget, unrestricted General Fund spending is estimated to be approximately \$5.3 billion, which is approximately \$269.9 million less than fiscal year 2025. Total restricted federal spending is estimated to be approximately \$6.2 billion in the enacted fiscal year 2026 budget, compared to \$7.2 billion in fiscal year 2025.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding voter-approved general obligation bonds and bond anticipation notes, and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and, if necessary, to the General Fund from other funds, including the Permanent Fund, to the State Bond Committee to make all required payments of principal, interest, and redemption premium. For 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 2024, the OMB estimated the appropriation limit to be approximately \$12.0 billion. The fiscal year 2024 budget, not counting the excluded appropriations, was approximately \$6.5 billion, or \$5.4 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.

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Table 4
State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 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	74.48	466.8
2026	6,129	68.00	464.0
2027	6,335	67.00	489.4
2028	6,390	66.00	513.8
2029	6,520	67.00	519.6
2030	6,666	67.00	539.9
2031	6,831	67.00	592.7
2032	6,997	67.00	636.2
2033	7,422	69.00	657.8
2034	7,605	70.00	663.5
2035	7,772	72.00	650.4

⁽¹⁾ The values for fiscal years 2025 through 2035 use the projections included in the Spring 2025 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 2025 Revenue Forecasts, the Department of Revenue.

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 2026 budget, approximately \$1.24 billion is estimated to be appropriated to the public education fund, comprised of an estimated \$1.21 billion from the General Fund, and \$35.1 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 2025 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 and fiscal year 2026 estimated expenditure values for the permanent fund dividend distributions were \$914.3 million, and \$685.3 million, respectively, from unrestricted General Fund sources.

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 2026 budget, the unrestricted General Fund capital budget appropriations is \$159.1 million. In fiscal year 2025, unrestricted General Fund capital budget appropriations, including supplementals, is approximately \$337.7 million, compared to \$486.3 million in fiscal year 2024, and \$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 2026 total capital budget appropriations, including unrestricted general funds, designated general funds, other funds, and federal funds is approximately \$2.9 billion (Source: Office of Management and Budget, Fiscal Summary as of June 12, 2025).

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, and an Alaska Capital Income Fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

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

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget, when necessary, at the end of the fiscal year. The State has drawn on the CBRF in each year since fiscal year 2014, although in some years dedicated earnings and deposits into the CBRF were greater than the draws. Historical borrowing from the CBRF in the 1990's through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred 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 2024, 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, 2024, was approximately \$10.9 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 2024, 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. In the fiscal year 2025 supplemental budget, the Legislature referenced the special appropriation made in the fiscal year 2022 budget and specified the prior transfer constituted forward funding of the amount calculated for offset to the effect of inflation on the principal of the fund. 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.

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 of the Permanent Fund. 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 POMV 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.

(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 and fiscal year 2024 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 existing or under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Spring 2025 Revenue Forecast. The State will next update its forecast in the Fall 2025 Revenue Forecast, which is anticipated to be released in December 2025. The State has provided certain estimates for fiscal years 2025 and 2026 based on information available as

of the Spring 2025 Revenue Forecast, as well as certain audited results for fiscal year 2024 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)

	2025	2026	2027	2028	2029	2030
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$1,879.1	\$1,645.3	\$1,649.8	\$1,650.3	\$1,649.3	\$1,655.2
Production Tax –Hazardous Release Surcharge	7.4	7.4	7.8	8.1	8.2	8.5
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	83.7	66.8	86.8	104.9	114.8	124.5
Tax and Royalty Settlements to CBRF	20.0	70.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue	\$1,990.3	\$1,789.5	\$1,764.4	\$1,783.3	\$1,792.3	\$1,808.3
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 573.5	\$ 600.8	\$ 623.1	\$ 638.8	\$ 650.3	\$ 658.6
Designated General Fund	516.5	506.3	507.8	509.1	510.2	511.5
Royalties to Alaska Permanent Fund beyond 25% dedication	4.3	4.7	4.9	5.2	5.3	5.3
Subtotal Non-Petroleum Revenue	\$1,094.3	\$1,111.8	\$1,135.8	\$1,153.0	\$1,165.8	\$1,175.4
<u>Investment Revenue</u>						
Unrestricted General Fund	\$3,776.4	\$3,882.5	\$4,061.6	\$4,100.6	\$4,220.6	\$4,352.6
Designated General Fund	89.3	66.0	66.0	66.0	66.0	66.0
CBRF ⁽²⁾	121.3	89.6	90.4	93.7	97.1	100.6
Subtotal Investment Revenue	\$3,987.0	\$4,038.1	\$4,218.0	\$4,260.3	\$4,383.7	\$4,519.2
Total Revenue Subject to Appropriation	\$7,071.6	\$6,939.4	\$7,118.2	\$7,196.6	\$7,341.8	\$7,502.8

(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: Spring 2025 Revenue Forecast, the Department of Revenue.

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.

The State’s General Obligation Refunding Bonds, Series 2024A were issued on June 4, 2024, in the amount of \$110.08 million to refund \$119.57 million of the State’s outstanding General Obligation Bonds, Series 2010A (Taxable Build America Bonds – Direct Payment), resulting in a net present value savings of approximately \$4.0 million.

After the end of fiscal year 2024, the State priced its General Obligation Refunding Bonds, Series 2024B (the “2024B Bonds”) and its General Obligation Refunding Bonds, Series 2025A (Forward Delivery) (the “2025A Bonds”) on August 6, 2024. The 2024B Bonds were issued on August 15, 2024 in the amount of \$82.94 million and the settlement of the 2025A Bonds occurred on May 6, 2025 in the amount of \$107.49 million. The 2024A Bonds and the 2025A Bonds refunded \$203.885 million of the State’s outstanding General Obligation Refunding Bonds, Series 2015B, General Obligation Bonds, Series 2016A and General Obligation Bonds, Series 2016B. As a result of such refunding, the overall transaction reduces total debt service payments over the next 12 fiscal years by approximately \$19.5 million resulting in a net present value savings 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, Alaska (the “Mat-Su Borough”)). Approximately \$149.5 million of State-Supported debt was outstanding as of June 30, 2024. Subject to market conditions, the Mat-Su Borough expects to purchase a portion of the Mat-Su Borough’s State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) (the “Purchased Bonds”) with a portion of the proceeds of the Mat-Su Borough’s State of Alaska Lease Revenue Refunding Bonds, Series 2025A (Goose Creek Correctional Center Project) and refund a portion of the Mat-Su Borough’s State of Alaska Lease Revenue Refunding Bonds, Series 2015 (Goose Creek Correctional Center Project) with a portion of the proceeds of the Mat-Su Borough’s State of Alaska Lease Revenue Refunding Bonds, Series 2025B (Forward Delivery).

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 pursuant to AS 37.15, Article 2) illegal. On September 28, 2020, the State of Alaska Department of Law filed a Petition for Rehearing with the Supreme Court in an attempt to obtain clarity on the scope of the Supreme Court’s intent in their decision. The 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 PERS or 12.56% for 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 PERS, made changes to Alaska Statute (AS) 39.35.255 that indicated the State, as a participating employer, shall contribute to PERS 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 defined contribution retirement (“DCR”) costs – employer match, occupational death and disability, 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.

As of June 30, 2024, State long term debt for the combined PERS and TRS pension UAAL was approximately \$4.4 billion. 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.

The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990’s 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 eleven 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, in fiscal year 2022 at approximately 42 percent of the authorized amount, and then in the enacted fiscal year 2026 budget at an amount estimated by DEED to be 60 percent of the authorized amount. The enacted fiscal year 2026 budget included a fully funded TIDSRA. 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 2026 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 State agency or authority debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue such debt are: Alaska Aerospace Development Corporation, which has not issued any debt; 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 State Bond Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or by the University of Alaska. This type of debt includes the revenue bonds of the Alaska International Airports System (“AIAS”), various University of Alaska revenue bonds, notes, and contracts, and Clean Water and Drinking Water Fund bonds. As of June 30, 2024, there was \$456.7 million of AIAS and University of Alaska revenue debt outstanding, consisting of \$228.8 million of University of Alaska revenue bonds and notes, and \$227.9 million of AIAS revenue bonds.

After the end of fiscal year 2024 the AIAS priced its Revenue Refunding Bonds, Series 2025A (the “AIAS 2025A Bonds”) and its Revenue Refunding Bonds, Series 2025B (Forward Delivery) (the “AIAS 2025B Bonds”) on January 15, 2025. The AIAS 2025A Bonds were issued on January 23, 2025 in the amount of \$67.75 million and the settlement for the AIAS 2025B Bonds is expected to occur on July 8, 2025 and the AIAS 2025B Bonds will be issued in the amount of. \$50.21 million. Once the AIAS 2025B Bonds are issued, the AIAS 2025A Bonds and the AIAS 2025B Bonds will have refunded \$135.87 million of the AIAS’ outstanding Revenue Refunding Bonds, Series 2016A and Revenue Refunding Bonds, Series 2016B. As a result of such refunding, the overall transaction results in a net present value savings 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 DOTPF 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 7 lists, by type, the outstanding State-related debt as of June 30, 2024, except as otherwise noted.

Table 7
State of Alaska Debt and State-Related Debt by Type as of June 30, 2024
(\$ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
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	149.5	33.7	183.2
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	379.1	64.3	443.4
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	4,404.0	N/A	4,404.0
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	201.3	186.8	388.1
Total State Moral Obligation Debt	1,179.6	600.2	1,779.8
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	228.8	92.9	321.7
Total State Revenue and University Debt	456.7	167.2	623.9

	<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	-	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	(792.2)		
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.

Table 8
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 9

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.

MEMORANDUM

STATE OF ALASKA Department of Revenue

TO: State Bond Committee

FROM: Ryan Williams
State Debt Manager
DOR - Treasury Division

DATE: July 11, 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. Total issuance was \$117.96 million in par, which refunded 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 successfully closed on July 8, 2025. Additional disclosures for the AIAS were provided to the marketplace, including the fiscal year 2024 financial statements as part of the forward delivery bond closing (through issuance of a supplemental official statement). Total gross savings of the current and forward transaction resulted 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.

The Matanuska-Susita Borough's ("Mat-Su") issuance of the Mat-Su's State of Alaska (the "State") Lease Revenue Refunding Bonds Series 2025A and 2025B (forward delivery) priced on March 11, 2025. The total issuance was \$99.46 million in par to refund the Mat-Su's State Lease Revenue Refunding Bonds Series 2015, with total principal for redemption of approximately \$104.39 million. The Series 2025A bonds closed on March 20, 2025, and the Series 2025B (forward delivery) bonds successfully closed on June 4, 2025. Total gross savings of the current and forward transaction resulted in approximately \$6.0 million in net present value savings. The Series 2025A Bonds achieved a True Interest Cost of approximately 3.104% with final maturity on 9/1/2032, and the Series 2025B Bonds achieved a True Interest Cost of 3.239% with final maturity on 9/1/2032 (the final maturity of the refunding bonds did not change in comparison to the refunded bonds). The resulting changes were incorporated and recorded in the revised lease purchase agreement for the Goose Creek Correctional Center.

Budget process – I am continuing to provide information to all parties identifying changes to the FY 2026 debt service needs of the AIAS as well as total subject to appropriation commitments for lease purchases (Goose Creek Correctional Center).

On June 17, 2025, Moody's Investor's Service (Moody's) upgraded the State of Alaska's issuer rating to Aa2 from Aa3, with a simultaneous reversion of the outlook to stable from positive. Two main components mentioned in the independent report of State

General Obligation debt included the restraint on appropriating for dividends to qualified Alaskan residents from the Alaska Permanent Fund's Earnings Reserve Account, and the re-building of the State's Constitutional Budget Reserve Fund since the end of fiscal year 2022. In recognition of the upgrade, communities across the state benefit through increased ratings to the Alaska Municipal Bond Bank Authority (one notch from the State's GO credit rating), which increased to Aa3 from A1.

On February 25, 2025, Kroll Bond Rating Agency (KBRA) upgraded the State of Alaska General Obligation Bonds to a rating of AA+ with a stable outlook. The rating increase reflects the State's strong financial position and underlying credit profile, including ample reserves held in the State's Permanent Fund and Constitutional Budget Reserve Fund, the direct liquidity available to support budgetary operations; robust natural resource base which continues to serve as a key economic driver of the State; and a critical role in U.S. strategic interests deriving from the State's vast mineral reserves and its position relative to geopolitical competitors.

The State's continuing disclosures for outstanding debt have been posted, including the FY 2024 ACFR, AIAS FY 2024 Audited Financials, and the recent rating changes by Moody's and Kroll.



Rating Action: Moody's Ratings upgrades Alaska's issuer rating to Aa2 and assigns Aa3 to new Alaska Municipal Bond Bank bonds; outlook revised to stable from positive

17 Jun 2025

New York, June 17, 2025 -- Moody's Ratings (Moody's) has upgraded the State of Alaska's issuer rating to Aa2 from Aa3 and taken the other rating actions listed below. The outlook has been revised to stable from positive.

The upgrade reflects the legislature's record of restraint on appropriating for citizen dividends from the Alaska Permanent Fund's Earnings Reserve Account (ERA). This restraint has allowed the state to rebuild its rainy-day fund, the Constitutional Budget Reserve Fund (CBRF), to almost \$2.9 billion in April 2025, from \$914.5 million at the end of fiscal 2022.

The stable outlook is supported by strong budgetary reserves and Alaska's ability to offset future oil revenue volatility by making sustainable draws from the Permanent Fund's ERA.

Rating actions are as follows:

Upgrades:

Issuer rating: to Aa2 from Aa3

General obligation (GO) bonds: to Aa2 from Aa3

Lease Appropriation bonds: to Aa3 from A1

Alaska Municipal Bond Bank bonds: to Aa3 from A1

New rating assignment:

\$170 million General Obligation and Refunding Bonds, 2025 Series Three issued by Alaska Municipal Bond Bank: Aa3

RATINGS RATIONALE

Alaska's Aa2 issuer rating is supported by the ability to partly cover operating needs from earnings of the Alaska Permanent Fund (now valued at \$81 billion). The fund's Earnings Reserve Account greatly strengthens state available fund balance and liquidity measures. A practice of annual percentage of market value (POMV) withdrawals, which is sustainable given a statutory limit (5% of trailing five-year average fund value), offsets exposure to oil production tax volatility. Legislators have established a practice of preserving sufficient amounts for state budget needs from POMV draws, which also fund annual citizen dividends. This alleviates governance challenges in the absence of a legal framework prioritizing budgetary needs over dividend distributions. Revenue alternatives for Alaska are somewhat constrained by the state's small and less-diversified economy, although progress on major new Alaska North Slope developments bolsters both the economic outlook and the state's long-term oil production trajectory. Recent retirement benefit liability reductions have been driven by higher interest rates, strong contributions, and the state's 2006 closure of defined benefits plans, which together have significantly improved Alaska's leverage characteristics and resulted in a low fixed-cost burden.

The state's Aa2 GO rating incorporates a pledge of Alaska's full faith and credit.

The Aa3 rating on the Alaska Municipal Bond Bank's bonds is supported by the state's commitment to replenish a debt service reserve fund. A practice of annually making appropriations for this, in advance of potential reserve draws, creates a stronger credit framework than a moral obligation pledge alone, which typically would fall two notches below the state's issuer rating.

The Aa3 ratings on the state's lease appropriation debt incorporate the contingent nature of the payment obligation, which is subject to annual legislative appropriation, as well as the financed facilities' importance to state government functions.

RATING OUTLOOK

The state's stable outlook is supported by maintenance of strong budgetary reserves and Permanent Fund earnings that the state uses as an operating revenue source, through sustainable annual withdrawals. Both the size of the state's available fund balances and its practice of Permanent Fund earnings withdrawals will mitigate exposure to petroleum industry revenue volatility.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Enactment of a strong framework guiding allocation of annual Permanent Fund withdrawals
- Addition of large, recurring revenue sources that further reduce Alaska's fiscal reliance on petroleum production taxes

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reductions exceeding 25% for the CBRF without a clear path to rebuilding, or a Permanent Fund ERA balance less than 1.5 times annual POMV withdrawals
- New pension benefit commitments that reverse recent retirement benefit liability reductions

PROFILE

Alaska is the largest state by area: its 586,412 square miles are a fifth as large as the other 49 states combined. Alaska's population, 740,133 based on the Census Bureau's 2024 estimate, ranks 48th among states. Its economy also ranked 48th, based on 2024 current dollar GDP of \$70 billion.

The Alaska Municipal Bond Bank is a public corporation of the state, operated through the state's Department of Revenue. Its role as debt issuer and lender facilitates capital project financing for local governments that would otherwise find direct market access too costly or cumbersome.

METHODOLOGY

The principal methodology used in these ratings was US States and Territories published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425428>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at <https://ratings.moodys.com/rmc-documents/435880>.

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KBRA Upgrades State of Alaska GO Bonds to AA+; Assigns AA Rating to State of Alaska Lease Revenue Refunding Bonds Series 2025A and 2025B (Forward Delivery) (Goose Creek Correctional Center Project); Upgrades Alaska Municipal Bond Bank GO Bonds to AA

New York (February 25, 2025)

KBRA upgrades the long-term rating for the State of Alaska General Obligation Bonds to AA+, from AA.

KBRA simultaneously assigns a long-term rating of AA to the Matanuska-Susitna Borough State of Alaska Lease Revenue Refunding Bonds, Series 2025A and Series 2025B (Forward Delivery) (Goose Creek Correctional Center Project).

Finally, KBRA upgrades the long-term rating for the Alaska Municipal Bond Bank Authority General Obligation Bonds to AA, from AA-.

The rating outlook for each obligation is Stable.

Key Credit Considerations

The rating actions reflect the following key credit considerations:

Credit Positives

- Ample reserves and direct liquidity available to support budgetary operations;
- Robust natural resource base, which will likely continue to be developed and serve as a key economic driver;
- Critical role in U.S. strategic interests deriving from its vast mineral reserves and position relative to geopolitical competitors anchors significant defense-related economic activity and continuing federal support.

Credit Challenges

- Exposure to commodity pricing volatility, given the employment and economic output concentration in natural resource extraction and production; and,
- Fluctuating budgetary performance, buoyed by the reliance on accumulated reserves to balance fiscal operations.

Rating Sensitivities

For Upgrade

- Decreased reliance on APF-ERA earnings to balance budgetary operations.
- A meaningful diversification of revenue sources, alleviating the concentration in energy price sensitive natural resource-derived revenues.
- Increased diversification of the State economy over time could lead to upward rating migration.

For Downgrade

- A weakening of budgetary performance, reserves, or direct liquidity.



- A continuation of structural budgetary imbalance, leading to the depletion of available reserves to levels no longer commensurate with the assigned rating.

To access ratings and relevant documents, click [here](#).

Methodologies

- [Public Finance: U.S. State General Obligation Rating Methodology](#)
- [Public Finance: U.S. State Annual Appropriation Obligation Rating Methodology](#)
- [ESG Global Rating Methodology](#)

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Disclosures

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the Information Disclosure Form(s) located [here](#).

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