

STATE OF ALASKA

STATE BOND COMMITTEE

TO BE HELD AT:
TELEPHONIC MEETING
For Participation: 1-907-202-7104
Code: 774 582 987#
Juneau, Alaska 99801
August 5, 2026
10:00 A.M. AKDT



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: 774 582 987#

August 5, 2026, at 10:00 A.M. AKDT

- I. Call to Order
- II. Roll Call
- III. Public Meeting Notice
- IV. Approval of Agenda
- V. Minutes of the November 20, 2025, State Bond Committee Meeting
- VI. Public Participation and Comment
- VII. New Business
 - A. Resolution 2026-01 – Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2026 (Veterans’ Mortgage Program)
- VIII. Debt Manager’s Report
- IX. Committee Member Comments
- X. Schedule Next Meeting
- XI. Adjournment

STATUS: Active

NOTICE OF PUBLIC MEETING: STATE OF ALASKA - STATE BOND COMMITTEE - August 5, 2026

Notice is hereby given that the State of Alaska - State Bond Committee ("SBC") will hold a meeting on August 5, 2026, at 10:00 A.M. AKDT. This will be a telephonic meeting, with participation at (907) 202-7104, with code 774 582 987#.

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 November 20, 2025, SBC Meeting
- VI. Public Participation and Comment
- VII. New Business:
 - A. Resolution 2026-01 - Authorizing the Alaska Housing Finance Corporation Collateralized Bonds, 2026 (Veterans' Mortgage Program)
- VIII. Debt Manager's Report
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Dated July 24, 2026
(907) 465-2893

▼ Attachments, History, Details

Attachments

[SBC Agenda 8-5-2026.pdf](#)

Revision History

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Events/Deadlines:

**MINUTES of the
STATE BOND COMMITTEE
November 20, 2025**

A meeting of the State Bond Committee (SBC) was held at 2:30 p.m. Alaska Standard Time on November 20, 2025. The meeting was held telephonically at 1-907-202-7104, with code 793 719 106#.

SBC Members present were:

Anna Latham, Deputy Commissioner, Delegate for the Department of Commerce, Community and Economic Development ("DCCED")
Pam Leary, Treasury Division Director, Delegate for the Department of Revenue ("DOR")
Eric DeMoulin, Administrative Services Director, Delegate for the Department of Administration ("DOA")

Also present were:

Ryan Williams, State Debt Manager, Department of Revenue
Llewellyn Smyth, Policy Director, Department of Revenue
Gerard Deta, Senior Officer – Finance, Alaska Housing Finance Corporation
Curtis Thayer, Executive Director, Alaska Energy Authority
Mark Billingsley, General Counsel, Alaska Energy Authority
Les Krusen, Partner, Orrick
Pete Nissen, Managing Director, Acacia Financial Group, Inc.

I. Call to Order

Committee members Eric DeMoulin, Anna Latham, and Pam Leary were present. Ms. Leary acted as chair for this meeting and called the meeting to order at 2:30 p.m. Alaska Standard Time on November 20, 2025.

II. Roll Call

Mr. Williams took roll call. Mr. DeMoulin, Ms. Latham, and Ms. Leary were present. There was a quorum.

III. Public Meeting Notice

A copy of the Affidavit of Publication concerning the date, location, and purpose of the meeting was reviewed and made a part of the minutes of the meeting. Mr. Williams stated the meeting was properly noticed, advertised on the State's Online Public Notice site. The notice was officially published on November 4, 2025, meeting the public meeting notice requirements.

IV. Approval of Agenda

The Agenda was reviewed by the committee. Mr. DeMoulin moved approval of the Agenda as written and approval was seconded by Ms. Latham. The agenda was unanimously approved and adopted by SBC members as written with no modifications and no objections.

V. Minutes of the July 18, 2025, SBC Meeting

The Meeting Minutes of the July 18, 2025, SBC Meeting were reviewed by the committee. Mr. DeMoulin moved approval of the meeting minutes as written, and approval was seconded by Ms. Latham. The July 18, 2025, SBC meeting minutes were unanimously approved and adopted by the committee as written with no modifications and no objections.

VI. Public Comment

Ms. Leary asked for public participation and comments. Ms. Leary asked Mr. Williams if he received any notifications or requests from the public. Mr. Williams stated he had not and did not see any unknown callers or attendees currently in attendance. Ms. Leary asked for any comments from those attending the meeting. There were none. The Public Comment period was closed.

VII. New Business

Resolution 2025-03 – Providing for Alaska Clean Water Revenue Bond Anticipation Notes (“BANs”) 2025 Series A, and Drinking Water Revenue BANs 2025 Series B

Ms. Leary asked Mr. Williams to review the resolution before the Committee and provide a history of the funds. Mr. Williams noted that he has been working with DEC, DOA, and DOR regarding the annual overnight Revenue BAN transaction for the Alaska Clean Water and Drinking Water Funds (“CW / DW” Funds). Mr. Williams noted that while money in the CW/DW Funds is restricted by Federal law, the interest income on principal held in the Funds and the interest income on loans made by the Funds could be used to repay debt service of the Funds. Additionally, the EPA has confirmed that money borrowed by the Funds could be used as State match to obtain federal grants. Mr. Williams stated that DEC had provided the amounts necessary for an annual overnight borrowing through a request for both the CW and DW funds related to their calculation of federal match. Mr. Williams stated that for several years Orrick and KeyBank have assisted with the overnight borrowing transaction for the Funds and both Orrick and KeyBank have kindly agreed to do so for the fiscal year 2026 transaction, which is anticipated to occur on December 10th and 11th, 2025. Mr. Williams noted that Les Krusen at Orrick, has provided the resolution and is willing to oversee closing documentation to complete the transaction. Mr. Williams stated that additional details of the transaction are contained in the MOU behind Resolution 2025-03, and those parameters are anticipated to be final. There is also a distribution list in the packet. The Resolution 2025-03 contains an issuance cost and interest fee cap at \$15,000, with estimated costs expected to come in slightly less than

\$10,000. Mr. Williams described Resolution 2025-03 in more detail, noting that the resolution provides for Alaska CW Revenue BANs, 2025 Series A, with aggregate principal amount of up to \$1,928,500, and Alaska DW Revenue BANs, 2025 Series B, with aggregate principal amount of up to \$2,211,500. Mr. Williams noted that Resolution 2025-03 grants authority to the Designated Representative, which includes the Debt Manager or Secretary to the SBC, to among other items, approve final interest costs, maturity date, and executing a purchase contract within no later than 75 days, given the date of issuance and final maturity date shall occur no later than December 31, 2025. Mr. Williams noted that we're entering the second decade conducting the CW/DW transaction with this structure and the costs are relatively low with no reliance on the state's general fund to obtain federal match. Ms. Leary asked for any additional comments from the committee. Ms. Leary asked for a comparison of par to prior years. Mr. Williams noted that besides the transaction occurring last year at an amount closer to \$2 million, two through four years ago contained similar requested amounts from DEC and can fluctuate based on DEC's calculation and ultimate request for these specific "match" transactions. Mr. DeMoulin moved to adopt Resolution 2025-03 for the stated amounts of Alaska Clean Water and Drinking Water Revenue BANs for 2025, and Ms. Latham seconded the motion. Mr. Williams took a roll call vote, and the State Bond Committee then approved Resolution 2025-03 with three yes votes, a unanimous vote by SBC members.

Resolution 2025-04 – Providing for the Calendar Year 2025 allocation of Private Activity Bond Volume Limit ("PABVL") of the State of Alaska

Ms. Leary asked Mr. Williams to review the resolution before the Committee and provide a history. Mr. Williams noted that Resolution 2025-04 before the committee relates to the State of Alaska's allocation of the PABVL for calendar year 2025. Mr. Williams noted that the code limits the amount of private activity bonds that may be issued, and every year Alaska, through the State Bond Committee, allocates the limit of volume cap among issuers in the State. Mr. Williams noted that the State of Alaska's calendar year 2025 volume cap available is \$388,780,000, which is the minimum amount per the IRS, as Alaska does not use the more specific population calculation due to our low population size. Mr. Williams mentioned that AHFC has been the main issuer and recipient of the cap over the last eight or more years, and there has been low competitiveness for this allocation over that same timeframe. Mr. Williams mentioned that he included an excerpt of the Alaska public debt book showing allocations over the years, with AHFC as the main candidate to roll forward cap for potential use as identified and rolled forward by them. Mr. Williams noted that AEA has requested an allocation of \$342,000,000 of calendar year 2025 allocation, with intent to issue exempt facility bonds associated with the Bradley Lake Expansion Project. Mr. Williams noted that AEA provided a two-page project summary within the Committee packet. Mr. Williams then mentioned that AHFC would receive the remaining \$46,780,000 in calendar year 2025 PABVL allocation and each entity would have to file and roll forward their allocations with the IRS no later than February 15th of the following calendar year (carryforward date - February 15, 2026). Mr. Williams noted that the Resolution 2025-04 becomes effective December 31, 2025, should there be no requests before that time, and didn't anticipate any. Ms. Latham asked Mr. Thayer, AEA, to expand on the potential use of the \$342,000,000 volume cap allocation exclusively for Bradley Lake, or if certain cap allocation had likelihood of use towards a portion of anticipated GRIP and powerline

upgrade projects. Mr. Thayer noted that this request is specific to Bradley Lake with an anticipated cost of \$342,000,000. Mr. Thayer noted that Bradley Lake is the state's largest hydro facility owned by AEA and currently produces approximately 120 MWh annually, about 10% of Railbelt needs. This project would raise the height of the dam and create a diversion tunnel to increase capacity and displace 1.5 billion cubic feet of natural gas per year. Ms. Leary asked for any additional questions. There were none. Mr. DeMoulin moved to adopt Resolution 2025-04 of the SBC allocating the State's PABVL, and Ms. Latham seconded. There were no additional discussion. Mr. Williams conducted a roll-call vote and there were three 'yes' votes and Resolution 2025-04 authorizing the allocation of Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2025 in the amount of \$342,000,000 to AEA, and \$46,780,000 to AHFC, provided for as of December 31, 2025, was approved unanimously by SBC members.

VIII. Debt Manager's Report

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

On September 12, 2025, Fitch Ratings ("Fitch") upgraded the State of Alaska's issuer rating to AA- from A+, with a simultaneous reversion of the outlook to stable from positive. At the same time, state appropriation bonds and the Alaska Municipal Bond Bank Authority bonds were upgraded to A+ from A. Two components mentioned in the independent credit report were reliance on the statutory POMV, which is now embedded in the state's fiscal framework, and a highlight of the importance of maintenance of robust reserves while managing state draws on realized earnings in the Earnings Reserve Account. A copy of the press release was enclosed.

Once the Fall 2025 Revenue Sources Book and Forecast is released, the document will be provided as a disclosure posting for outstanding debt and sent to the credit rating agencies.

The Treasury Division received a waiver to recruit for a Treasury analyst role within DOR, and the position is anticipated to assist with operations and debt management responsibilities. DOR recently received a hiring waiver, and Mr. Williams looks to work with a candidate to onboard.

The State executed the final two-year extension for AIAS arbitrage rebate consulting work with Willdan Financial Services, Inc. (through August 31, 2027).

The Treasury Division reestablished the original contract for SBC Financial Advisory Services with Acacia Financial Group, Inc. The contract has a remaining period of performance through FY2026, and a one-year renewal option for FY2027.

The Department of Law released a request for proposals related to legal services in support of the activities of the SBC. The process resulted in two qualifying proposals, which were evaluated by a committee chosen by Law, and Mr. Williams was included on the panel. After completion of the independent scoring process and other required activity, Law released a notice of intent to award, with Orrick, Herrington & Sutcliffe LLP receiving the award, and Law will work on a services contract for five years.

Mr. Williams requested all state agencies and departments provide FY2025 activity updates to include in the Alaska Public Debt Book 2025-2026. There are additional requirements to post other documents once available from Tax, the AIAS, and the State's FY2025 ACFR. The deadline for these postings is January 2026.

IX. Committee Member Comments

Ms. Leary mentioned that she was excited for additional staff hiring in Treasury for assistance in the Debt Section. Ms. Latham thanked AEA and AHFC for being available for the meeting and for all their comments.

X. Schedule Next Meeting

Ms. Leary asked for any comments on timing for upcoming meetings. Mr. Williams stated that the next meeting shall occur at the call of the Chair but didn't see anything on the horizon and projects a first quarter, calendar year 2026 meeting.

XI. Adjournment

Adjournment of the meeting was moved by Mr. DeMoulin and seconded by Ms. Latham. The meeting was adjourned at approximately 2:59 p.m. Alaska Standard 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. 2026-01

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 \$100,000,000 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 \$100,000,000 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 “2026 Bonds”); and

WHEREAS, AS 18.56.110(d) requires the Corporation to sell State guaranteed bonds, including the 2026 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 2026 Bonds in connection with the public sale of the 2026 Bonds and will prepare a final official statement (the “Official Statement”) for delivery to initial purchasers of the 2026 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 2026 Bonds. The issuance by the Corporation of not to exceed \$100,000,000 aggregate principal amount of 2026 Bonds to purchase mortgages made for qualifying veterans is hereby approved. The 2026 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 2026 Bonds shall be sold by the Corporation at public sale no later than December 31, 2026, 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 2026 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 2026 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
5th day of August, 2026.

STATE OF ALASKA
STATE BOND COMMITTEE

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

PAMELA LEARY
Treasury Division Director,
Department of Revenue
Secretary and Member
Alaska State Bond Committee

DAVE DONLEY
Deputy 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. 2026-01 of the Committee (the “Resolution”), duly passed at a meeting thereof held on August 5, 2026.

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 5th day of August, 2026.

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. 2026-01 of the Committee (the “Resolution”), duly adopted and executed at a meeting thereof held on the 5th day of August, 2026.

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 August 5, 2026.

Dated: _____, 2026

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

a. Federal Tax-Exemption and Ceilings

The Federal Tax Reform Act of 1984 established a ceiling of \$302.5 million, in the case of Alaska, for annual issuance of qualified veterans' mortgage bonds on a tax-exempt basis. The Act also made more restrictive the definition of those who qualify as veterans. Subsequently, the Heroes Earnings Assistance and Relief Tax Act of 2008 amended the Internal Revenue Code to limit Alaska's issuance of qualified veterans' mortgage bonds to no more than \$100 million annually.

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, 2025</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>140.3</u>
Total:	<u>\$3,300.0</u>	<u>\$2,840.3</u>

As of June 30, 2025, approximately \$459.7 million of state guaranteed bonds remain unissued. The unissued authority decreased by \$75.0 from June 30, 2024, which is attributed to newly issued debt of the same amount during the fiscal year. Subsequent to June 30, 2025, the AHFC issued \$100 million in veterans mortgage program bonds.

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) POS**

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 0.6 percent with a population estimate of 738,737 (2025 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 2025. 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 (except military) and State government (including University of Alaska), seafood, and tourism. Approximately 23.5 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 16.2 percent, trade, transportation, and utilities, making up 19.8 percent and the leisure and hospitality industry, making up 10.6 percent of total nonfarm employment (Alaska Department of Labor and Workforce Development, Research & Analysis, Preliminary and adjusted estimates for 2025 monthly average). The State's unemployment rate in May 2026 was 4.6 percent (seasonally adjusted), according to the U.S. Department of Labor, Bureau of Labor Statistics. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals.

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 2026 Revenue Sources Book and Forecast (the "Spring 2026 Revenue Forecast"), released by the DOR on March 13, 2026. The next forecast update, the Fall 2026 Revenue Sources Book and Forecast (the "Fall 2026 Revenue Forecast"), is anticipated to be released in December 2026.

In the Spring 2026 Revenue Forecast, in comparison to the Fall 2025 Revenue Forecast, released by the DOR on December 17, 2025, the Alaska North Slope ("ANS") oil price outlook increased by \$9.77 per barrel for fiscal year 2026 and increased by \$13.00 per barrel for fiscal year 2027. The ANS oil production forecast has been adjusted to an average of 459.2 thousand barrels per day for fiscal year 2026, and 518.5 thousand barrels per day for fiscal year 2027, representing an increase of 2,100 barrels per day for fiscal year 2026 and an increase of 700 barrels per day for fiscal year 2027, compared to the Fall 2025 Revenue Forecast. The unrestricted general fund revenue projection in the Spring 2026 Revenue Forecast increased by \$544.7 million to \$6,491.1 million in fiscal year 2026, and increased by approximately \$509.8 million to \$6,725.3 million in fiscal year 2027, compared to the Fall 2025 Revenue Forecast. The Spring 2026 Revenue Forecast represents one scenario within a range of potential outcomes.

The Spring 2026 Revenue Forecast included a federal revenue forecast for fiscal years 2026 and 2027 as provided by the Alaska Office of Management and Budget ("OMB") and reflects the latest information about expected potential federal receipts as of March 1, 2026. As of March 1, 2026, the revenue forecast does not include any increases or reductions to expected revenue as a result of the One Big Beautiful Bill Act ("OBBBA"). Similarly, no potential impacts of future federal budget changes, whether to increase federal spending in priority areas or cut spending in other areas, are included. Future federal policy decisions could potentially lead to higher or lower federal revenue in the future. The Spring 2026 Revenue Forecast included increases in federal funding for fiscal year 2026 and fiscal year 2027, compared to the Fall 2025 Revenue Forecast, reflecting supplemental Medicaid requests of approximately \$360 million and \$330 million, respectively, as well as a \$272 million Rural Health Transformation allocation in

each year through fiscal year 2030. Beyond fiscal year 2027, the federal revenue forecast applies an assumption that revenues will increase with the overall rate of inflation. This assumption acknowledges the uncertainty around future federal policy and funding and is consistent with the methodology used by OMB for long-term planning purposes.

The OBBBA was signed into law by President Trump on July 4, 2025, and introduced several changes extending federal tax cuts for Alaskans and potentially affecting Alaska's healthcare and energy programs. Specific programs with potentially significant impact to the State include Medicaid reform. For Medicaid, the State's funding structure is less affected by OBBBA than in many other states, as the program does not depend on provider taxes or state-directed payments. The State's core Medicaid funding from the federal government is expected to remain steady, with no reduction to the State's base federal Medicaid matching rate. The law does, however, require most able-bodied adults ages 19-64 enrolled through Medicaid expansion to complete 80 hours per month of work or other qualifying activities to maintain coverage. In addition, due to the State's large rural population and geographic conditions, the State qualifies for certain funding under the OBBBA's \$50 billion Rural Health Transformation Program. The State's Department of Health received \$272 million in federal fiscal year 2026 and intends to apply for, and receive, four additional annual awards of roughly the same amount, totaling \$1.4 billion.

The State is currently entitled to receive 50 percent of the bonuses, rents and royalties received by the federal government from the leasing of federal lands in the National Petroleum Reserve in 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 into 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 required 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. This revenue has historically been deposited into the NPR-A Special Revenue Fund, and amounts received during the State's fiscal year 2026 will be deposited into the NPR-A Special Revenue Fund. In the Spring 2026 Revenue Forecast, the DOR has projected that, beginning in fiscal year 2027, these payments will be divided between unrestricted revenue (74.5 percent), the Permanent Fund (25 percent), and the Public School Trust Fund (0.5 percent). The division of such payments is subject to further review, and should the deposit of such payments revert to being deposited into the NPR-A Special Revenue Fund during the forecast period, beginning in fiscal year 2027, the reversion may impact future State revenues forecasted under unrestricted, restricted, and other designated fund sources. The OBBBA increased the State's share of federal royalties for certain new oil and gas leasing and activity. Pursuant to the OBBBA, for those leases located in the NPR-A and issued after July 4, 2025, the State share increases from 50 percent to 70 percent, beginning in federal fiscal year 2034. All current and forecasted production in the NPR-A is located on leases issued before 2025, and only a small portion of projected revenue within the Spring 2026 Revenue Forecast is expected to reflect the future 70 percent share. Should new lease sales or new discoveries materialize on qualifying leases within the NPR-A, this increased royalty share may impact future State revenues.

The Fall 2023 Revenue Forecast, released December 14, 2023, included a projection 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 IJA funding grants. Award announcements are made on a rolling basis and Alaska is number one in per capita funding under IJA. 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, and 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 2025 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 2025 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 \$74.3 billion as of May 31, 2026, unaudited, may not be spent without amending the State Constitution. The balance of the Permanent Fund Earnings Reserve, which was approximately \$16.9 billion as of May 31, 2026, 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, 2026, includes approximately \$4.0 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 \$3.7 billion to General Fund revenue in fiscal year 2025 and is expected to transfer approximately \$3.8 billion and \$4.0 billion to General Fund revenue in fiscal years 2026 and 2027, 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 2025, was \$1,000 per qualified resident. The Permanent Fund Dividend amount, to be paid in calendar year 2026, is \$1,000 per qualified resident, with the potential of an additional \$200 energy relief distribution to all qualified residents based on a determination of State revenue as of June 30, 2026. See “—General Appropriations” below.

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, 37 percent in fiscal year 2024 and 30 percent in fiscal year 2025. In the Spring 2026 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 28 percent in fiscal year 2026 and 28 percent in fiscal year 2027.

In the Spring 2026 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately \$6,491.9 million in fiscal year 2026 and \$6,725.3 million in fiscal year 2027, compared to \$6,342.5 million in fiscal year 2025, \$6,631.2 million in fiscal year 2024, and \$7,050.0 million in fiscal year 2023.

In the Spring 2026 Revenue Forecast, the State forecasts that ANS oil prices will average \$75.26 in fiscal year 2026 which incorporates an actual average price of \$67.34 per barrel for the first eight months of the fiscal year and a forecasted average price of \$91.09 per barrel for the final four months of the fiscal year. The price forecast for fiscal year 2027 is \$75.00 per barrel, which assumes that prices will begin fiscal year 2027 at over \$80.00 per barrel and decline throughout the fiscal year. The oil price forecast as of the Spring 2026 Revenue Forecast was based on futures market prices through fiscal year 2033, followed by an assumption that prices will increase with inflation thereafter. The price forecast for fiscal year 2026 and fiscal year 2027 compare to actual prices averaging \$74.15 in fiscal year 2025, \$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 459.2 thousand barrels of oil per day in fiscal year 2026 and 518.5 thousand barrels of oil per day in fiscal year 2027, compared to 468.0 thousand barrels of oil per day in fiscal year 2025, 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 2026 Revenue Forecast, the State forecasts ANS oil prices and production and general-purpose unrestricted revenue through fiscal year 2036. 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 (“TAPS”), including the terminal at Valdez and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately \$36.0 billion as of January 1, 2025, \$32.2 billion as of January 1, 2024, \$30.4 billion as of January 1, 2023, \$28.6 billion as of January 1, 2022, and \$28.2 billion as of January 1, 2021.

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 \$719.3 million of gross tax levied in fiscal year 2025 on oil and gas property in the State, the State’s share was approximately \$133.8 million, not including certain credits, late payments, and/or prior year adjustments and refunds. In the Spring 2026 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately \$174.1 million in fiscal year 2026 and \$173.6 million in fiscal year 2027.

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 2024 and 2025, \$3.1 million and \$41.6 million, respectively, in total tax and royalty settlements were deposited into the CBRF, and in the Spring 2026 Revenue Forecast, the State forecasts tax and royalty settlements to be \$20.0 million in fiscal year 2026 and \$20.0 million in fiscal year 2027. 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.

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.

All unrestricted revenue generated by the oil and gas production taxes (approximately \$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, \$634.8 million in fiscal year 2025, and forecasted in the Spring 2026 Revenue Forecast to be \$524.2 million in fiscal year 2026 and \$456.0 million in fiscal year 2027) 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 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. See “— State Revenues.” 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 2016 through 2025.

Table 1
Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2016 – 2025

(\$ millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Oil Revenue to the General Fund										
Property Tax.....	\$ 111.7	\$ 120.4	\$ 121.6	\$ 119.5	\$ 122.9	\$ 119.2	\$ 122.4	\$ 128.8	\$ 130.8	\$ 133.8
Corporate Income Tax ⁽¹⁾	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)	297.5	312.4	210.6	132.8
Production Tax .	176.8	125.9	741.2	587.3	277.4	381.1	1,801.6	1,490.9	974.6	634.8
Royalties (including bonuses, rents and interest) ⁽²⁾⁽³⁾	879.8	690.1	1,011.0	1,119.3	683.0	736.6	1,259.3	1,187.4	1,153.9	1,009.0
Subtotal	\$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	\$ 1,910.5
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund ⁽²⁾⁽³⁾	\$ 396.9	\$ 340.0	\$ 363.1	\$ 382.3	\$ 323.9	\$ 337.7	\$ 555.7	\$ 515.2	\$ 536.2	\$ 503.6
Tax settlements to CBRF	119.1	481.9	121.3	181.2	281.2	35.0	21.1	196.0	3.1	41.6
NPR-A royalties, rents and bonuses ⁽⁴⁾	1.8	1.4	23.7	12.3	16.4	15.8	16.7	41.5	31.0	18.2
Subtotal	517.8	823.2	508.0	575.8	621.5	388.5	593.5	752.7	570.3	563.4
Total Oil Revenue	\$1,627.4	\$1,700.2	\$2,448.2	\$2,619.6	\$1,704.6	\$1,606.1	\$4,074.3	\$3,872.1	\$3,040.2	\$2,473.9

⁽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 currently receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

Source: 2016 through 2025 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 2025, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was \$638.6 million, and in the Spring 2026 Revenue Forecast, the State forecasts the value to be \$736.7 million in fiscal year 2026 and \$763.6 million in fiscal year 2027. 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 \$7.6 billion in fiscal year 2021, \$6.9 billion in fiscal year 2022, \$5.8 billion in fiscal year 2023, \$6.1 billion in fiscal year 2024, and \$6.9 billion in fiscal year 2025. In the Spring 2026 Revenue Forecast, the State forecasts restricted federal revenue to be approximately \$7.2 billion in fiscal year 2026 and \$6.2 billion in fiscal year 2027. The OMB updated estimates for restricted federal revenue as of June 24, 2026, of \$7.4 billion in fiscal year 2026 and \$6.4 billion in fiscal year 2027. 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 \$91.2 billion as of May 31, 2026, unaudited, which includes approximately \$4.0 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 \$85.1 billion as of June 30, 2025, \$80.5 billion as of June 30, 2024, \$78.0 billion as of June 30, 2023, \$76.3 billion as of June 30, 2022, and \$81.9 billion as of June 30, 2021. The CBRF had an asset balance of approximately \$3.0 billion as of May 31, 2026, unaudited. The CBRF had an asset balance of approximately \$2.9 billion as of June 30, 2025, \$2.7 billion as of June 30, 2024, \$2.6 billion as of June 30, 2023, \$0.9 billion as of June 30, 2022, and \$1.1 billion as of June 30, 2021. Restricted investment revenue from the CBRF was approximately \$137.6 million as of June 30, 2025. In the Spring 2026 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be \$110.8 million in fiscal year 2026 and \$81.0 million in fiscal year 2027. 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 – 2025
APFC Forecast for Fiscal Years Ending June 30, 2026– 2036

(\$ millions)

Fiscal Year	Transfer Amount
2019	\$2,723
2020	2,933
2021	3,092
2022	3,069
2023	3,361
2024	3,526
2025	3,657
Projected ⁽¹⁾	
2026	3,799
2027	3,997
2028	4,081
2029	4,248
2030	4,426
2031	4,608
2032	4,771
2033	4,911
2034	5,052
2035	5,196
2036	5,343

⁽¹⁾ APFC transfer projections as of the Spring 2026 Revenue Forecast, and subject to change.

Source: Spring 2026 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 2025, 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 \$136.1 million in fiscal year 2025, \$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, and \$29.4 million in fiscal year 2021. In the Spring 2026 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately \$109.5 million in fiscal year 2026 and \$81.6 million in fiscal year 2027. 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 2020 through 2025, with a forecast for fiscal years 2026 and 2027 from the Spring 2026 Revenue Forecast.

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Table 3
Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2020 - 2025
Forecast for Fiscal Years Ending June 30, 2026 - 2027
(\$ millions)

	2020	2021	2022	2023	2024	2025	2026 ⁽²⁾	2027 ⁽²⁾
Revenue Source								
<u>Unrestricted</u>								
Oil Revenue	\$ 1,083.1	\$ 1,217.6	\$ 3,480.9	\$ 3,119.4	\$ 2,469.8	\$ 1,910.5	\$ 1,846.8	\$ 1,883.2
Non-Oil Revenue	454.8	444.3	448.1	472.3	487.3	638.6	736.7	763.6
Investment Earnings	2,991.2	3,120.9	3,010.2	3,458.3	3,674.1	3,793.4	3,908.4	4,078.5
Subtotal	\$ 4,529.1	\$ 4,782.8	\$ 6,939.2	\$ 7,050.0	\$ 6,631.2	\$ 6,342.5	\$ 6,491.9	\$ 6,725.3
<u>Restricted</u>								
Oil Revenue ⁽¹⁾	\$ 621.5	\$ 376.0	\$ 576.7	\$ 711.2	\$ 539.3	\$ 545.1	\$ 494.7	\$ 549.8
Non-Oil Revenue	558.6	590.9	643.0	680.5	710.7	699.8	761.0	735.0
Investment Earnings ⁽³⁾	(1,208.5)	16,460.9	(6,422.1)	1,210.1	2,319.6	4,580.5	5,116.0	2,469.9
Federal Revenue	4,173.0	7,555.0	6,911.8	5,826.8	6,097.1	6,940.1	7,159.6	6,194.0
Subtotal	4,144.6	24,982.8	1,709.4	8,428.6	9,666.7	12,765.5	13,531.4	9,948.7
Total	\$ 8,673.7	\$ 29,765.6	\$ 8,648.6	\$ 15,478.7	\$ 16,298.0	\$ 19,107.9	\$ 20,023.3	\$ 16,674.0

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 2026 and 2027 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 2026 and 2027 are based on projections as of the release of the Spring 2026 Revenue Forecast and are subject to change.
- (3) A portion of the Restricted investment earnings starting in fiscal year 2020 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: 2020 through 2025 Revenue Forecasts, including the Spring 2026 Revenue Forecast, 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 third Tuesday 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 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.

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

Governor Michael J. Dunleavy was reelected in November 2022, originally taking office in December 2018. In his fiscal year 2020 budget, the Governor declared that significant adjustments to the State budget were needed to allow for a Permanent Fund Dividend distribution to State residents based on a historical statutory formula. This proposal was not approved by the Legislature. In recent fiscal year budgets, the Governor has requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. The Legislature has not approved these proposals through their transmittal of finalized budgets.

The total State budget for fiscal year 2026 is estimated to be approximately \$16.8 billion. Total estimated budget appropriations for the State's fiscal year 2026 budget have increased compared to total appropriations of \$15.9 billion in fiscal year 2025. Unrestricted general fund expenditures in the fiscal year 2026 budget, including supplemental appropriations as of June 24, 2026, and not including the Permanent Fund dividend distribution, are estimated to be approximately \$5.9 billion, which is an increase of approximately \$250.1 million compared to fiscal year 2025. The Permanent Fund dividend distribution from unrestricted general fund sources was approximately \$685.3 million in the fiscal year 2026 budget. Fiscal year 2026 supplemental appropriations include an estimated \$592.1 million in appropriations from unrestricted general fund sources and \$128.9 million in non-additive fund transfers. A portion of the estimated fiscal year 2026 supplemental appropriations, approximately \$257.3 million, are contingent special appropriations for the fiscal year ending June 30, 2026, and are subject to a determination of available revenues to the State with a provision for certain excess deposited to State reserves. If the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2026, as determined by the Commissioner of the DOR on August 31, 2026, exceeds \$6.3 billion, the amount remaining, after all appropriations have been made that take effect in the fiscal year ending June 30, 2026, of the difference between the actual unrestricted general fund revenue collected in the fiscal year ending June 30, 2026, as determined by the Commissioner of the DOR on August 31, 2026, and \$6.3 billion, not to exceed \$700 million, is appropriated as follows: (i) the amount necessary, estimated to be \$127.3 million, to pay a one-time energy relief payment of \$200 as part of the permanent fund dividend for the fiscal year ending June 30, 2027, to the dividend fund; (ii) after the appropriation made in (i), \$115 million to the DEED to be distributed as grants to school districts according to the average daily membership for each district adjusted under AS 14.17.410(b)(1)(A)-(D) for the fiscal year ending June 30, 2027; (iii) after the appropriations made in (i) and (ii), \$15 million to the bulk fuel revolving loan fund; and (iv) after the appropriations made in (i) through (iii), the remaining amount to the Statutory Budget Reserve Fund ("SBRF") (AS 37.05.540(a)).

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 2025, the OMB estimated the appropriation limit to be approximately \$12.3 billion. The fiscal year 2025 budget, not counting the excluded appropriations, was approximately \$6.5 billion, or \$5.8 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 2025 budget included approximately \$3.7 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, 2016 - 2025 and
Forecast for Fiscal Years Ending June 30, 2026 - 2036

Fiscal Year	Total Unrestricted General Fund Revenue (\$ millions)	ANS West Coast Oil Price (\$/barrel)	ANS Oil Production (thousands of barrels per day)
2016	1,514	43.18	514.7
2017	1,332	49.43	526.4
2018	2,426	63.61	518.5
2019	5,361	69.46	496.9
2020	4,541	52.12	471.8
2021	4,795	54.14	486.1
2022	6,951	91.41	476.5
2023	7,050	86.63	479.4
2024	6,631	85.24	461.0
2025	6,343	74.15	468.0
Projected ⁽¹⁾			
2026	6,492	75.26	459.2
2027	6,725	75.00	518.5
2028	6,679	70.00	512.5
2029	6,756	70.00	497.5
2030	6,960	70.00	530.1
2031	7,162	69.00	581.4
2032	7,374	69.00	621.8
2033	7,528	69.00	643.8
2034	7,986	71.00	650.8
2035	8,190	73.00	646.8
2036	8,342	75.00	619.8

⁽¹⁾ The values for fiscal years 2026 through 2036 use the projections included in the Spring 2026 Revenue Forecast, and are subject to change. Fiscal year 2025 included approximately \$3.7 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: 2016 through 2025 Revenue Forecasts, including the Spring 2026 Revenue Forecast, 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 2027 budget, the amount necessary, estimated to be \$1.27 billion is appropriated to the public education fund, comprised of an estimated \$1.23 billion from the General Fund, and \$36.6 million from the Public School Trust Fund. Additionally, an estimated \$72.8 million is to be appropriated from the general fund to the public education fund for transportation of students under AS 14.09.010. Other energy relief payments for school districts

are included in the enacted fiscal year 2027 budget, with an estimated \$29.1 million to be appropriated from the general fund to the DEED for payment as grants under AS 37.05.316 for energy relief.

The Spring 2026 Revenue Forecast projects approximately \$6.5 billion in unrestricted General Fund revenue in fiscal year 2026 and with OMB estimated supplemental appropriations as of June 24, 2026, there is approximately \$5.9 billion in unrestricted General Fund operating and capital budget appropriations, which do not include the fiscal year 2026 expenditure value for the permanent fund dividend distribution to eligible Alaskans of approximately \$685.3 million from unrestricted General Fund sources. The fiscal year 2026 budget included approximately \$3.8 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue.

In fiscal year 2026, unrestricted General Fund capital budget appropriations, including OMB estimated supplemental appropriations as of June 24, 2026, was approximately \$229.2 million, compared to \$337.7 million in fiscal year 2025, \$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.

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 approximately 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, 2025, was approximately \$10.7 billion.

The asset balance in the CBRF as of June 30, 2025, was approximately \$2.9 billion, including earnings of approximately \$137.6 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, 2024, the asset balance was approximately \$2.7 billion, including earnings of approximately \$150.4 million; 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; and as of June 30, 2021, the asset balance was approximately \$1.1 billion, including earnings of approximately \$2.2 million.

The Statutory Budget Reserve Fund. The SBRF has existed in the State's accounting structure since 1986. The SBRF is available for use for legal purposes by majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in 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 2025, 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 2025, State oil and mineral revenues deposited in the Permanent Fund were \$489 million, compared to \$533 million in fiscal year 2024, \$754 million in fiscal year 2023, \$549 million in fiscal year 2022, and \$320 million in fiscal year 2021. Since inception, as of June 30, 2025, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include \$27.6 billion for inflation proofing, \$20.2 billion in royalty contributions, and \$11.0 billion in special appropriations.

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

Pursuant to original 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. With the passage of SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. Between 1982 and 2025, approximately \$31.6 billion of dividends were paid to Alaska residents and \$27.6 billion of Permanent Fund income has been added to principal for inflation proofing. For fiscal years 2016, 2017, and 2018, there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, \$989 million, provided for in the enacted fiscal year 2019 operating budget, was appropriated from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation on the principal for fiscal year 2019. The State’s fiscal year 2020 budget included an appropriation of approximately \$4.8 billion from the earnings reserve to the principal of the Permanent Fund. The State’s fiscal year 2021 budget did not include an appropriation for additions to principal for inflation proofing. The Legislature made an approximate \$4.0 billion special appropriation to principal in the fiscal year 2022 budget. For fiscal year 2023, approximately \$4.2 billion was appropriated from the earnings reserve to the principal of the Permanent Fund. For fiscal year 2024, approximately \$1.4 billion was appropriated from the earnings reserve to the principal of the Permanent Fund. The fiscal year 2026 budget and 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. The State’s enacted fiscal year 2027 budget includes an estimated appropriation of approximately \$1.5 billion from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation.

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 \$72.5 billion as of June 30, 2025, up from approximately \$70.7 billion as of June 30, 2024, may not be spent without amending the State Constitution. The earnings reserve, approximately \$12.6 billion as of June 30, 2025, up from approximately \$9.7 billion as of June 30, 2024, 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, 2025, 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”). Funds in the ACIF may be further appropriated for any public purpose. During years with net realized losses, no funds are transferred to the 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 \$31 million during fiscal year 2025 and \$24 million during fiscal year 2024.

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, 2014 – 2025

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)
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	1,514	5,213	(3,699) ⁽³⁾	—	7,331	8,570	43.18	514.7
2017	1,332	4,498	(3,166) ⁽³⁾	—	3,896	12,816	49.43	526.4
2018	2,426	4,489	(2,063) ⁽³⁾	—	2,360	18,864 ⁽⁴⁾	63.61	518.5
2019	5,362 ⁽⁵⁾	4,889	473 ⁽³⁾	—	1,832	18,481 ⁽⁴⁾	69.46	495.0
2020	4,541 ⁽⁵⁾	4,805	(264) ⁽³⁾	—	1,983	12,894 ⁽⁴⁾	52.12	471.8
2021	4,795 ⁽⁵⁾	5,031 ⁽³⁾	(236) ⁽³⁾	481	1,076	21,148 ⁽⁴⁾	54.14	486.1
2022	6,951 ⁽⁵⁾	5,362 ⁽³⁾	1,589 ⁽³⁾	370	915	16,150 ⁽⁴⁾	91.41	476.5
2023	7,050 ⁽⁵⁾	5,641 ⁽³⁾	1,409 ⁽³⁾	—	2,620	10,491 ⁽⁴⁾	86.63	479.4
2024	6,631 ⁽⁵⁾	5,583 ⁽³⁾	1,048 ⁽³⁾	—	2,740	9,724 ⁽⁴⁾	85.24	461.0
2025	6,343 ⁽⁵⁾	5,527 ⁽³⁾	816 ⁽³⁾	—	2,890	12,603 ⁽⁴⁾	74.15	468.0

(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 through 2025 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 pursuant to SB 26 prior to any dividend distributions.

Source: State of Alaska Department of Revenue, APFC, 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 2026 Revenue Forecast. The State will next update its forecasts in the Fall 2026 Revenue Forecast, which is anticipated to be released in December 2026. The State has provided certain estimates for fiscal years 2026 and 2027 based on information

available as of the Spring 2026 Revenue Forecast, OMB estimates, as well as certain audited results for fiscal year 2025 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 2026 through 2031.

Table 6
State of Alaska Projection of Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2026 through 2031 ⁽¹⁾
(\$ millions)

	2026	2027	2028	2029	2030	2031
<u>Petroleum Revenue</u>						
Unrestricted General Fund	\$ 1,846.8	\$ 1,883.2	\$ 1,727.9	\$ 1,647.1	\$ 1,655.7	\$ 1,666.0
Production Tax –Hazardous Release Surcharge	7.4	8.3	8.2	7.9	8.4	9.2
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	96.1	122.4	113.9	108.9	104.7	108.2
Tax and Royalty Settlements to CBRF	20.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue	<u>\$1,970.3</u>	<u>\$2,033.9</u>	<u>\$1,870.0</u>	<u>\$1,784.0</u>	<u>\$1,788.9</u>	<u>\$1,803.5</u>
<u>Non-Petroleum Revenue</u>						
Unrestricted General Fund	\$ 736.7	\$ 763.6	\$ 788.7	\$ 778.9	\$ 796.3	\$ 806.6
Designated General Fund	447.2	444.8	448.3	452.5	456.9	460.6
Royalties to Alaska Permanent Fund beyond 25% dedication	6.8	8.7	8.7	8.6	9.1	9.5
Subtotal Non-Petroleum Revenue	<u>\$1,190.7</u>	<u>\$1,217.2</u>	<u>\$1,245.7</u>	<u>\$1,240.1</u>	<u>\$1,262.3</u>	<u>\$1,276.6</u>
<u>Investment Revenue</u>						
Unrestricted General Fund	\$3,908.4	\$4,078.5	\$4,162.5	\$4,329.5	\$4,507.6	\$4,689.2
Designated General Fund	129.0	72.2	72.2	72.2	72.2	72.2
CBRF ⁽²⁾	110.8	81.0	80.5	83.5	86.6	89.8
Subtotal Investment Revenue	<u>\$4,148.2</u>	<u>\$4,231.7</u>	<u>\$4,315.2</u>	<u>\$4,485.2</u>	<u>\$4,666.4</u>	<u>\$4,851.2</u>
Total Revenue Subject to Appropriation	<u>\$7,309.2</u>	<u>\$7,482.7</u>	<u>\$7,430.9</u>	<u>\$7,509.2</u>	<u>\$7,717.6</u>	<u>\$7,931.3</u>

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

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

Source: Spring 2026 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 2025-2026 Alaska Public Debt Book, released in January 2026, and contains information through the fiscal year ended June 30, 2025, unless otherwise stated.

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 \$468.8 million of general obligation bonds were outstanding as of June 30, 2025.

During fiscal year 2025, the State issued its General Obligation Refunding Bonds, Series 2024B (the “2024B Bonds”) on August 15, 2024, in the amount of \$82.94 million, and its General Obligation Refunding Bonds, Series 2025A (Forward Delivery) (the “2025A Bonds”) 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 reduced total debt service payments over the next 12 fiscal years by approximately \$19.5 million resulting in 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, 2025, 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 \$459.7 million as of June 30, 2024. As of June 30, 2025, \$156.7 million of State guaranteed debt was outstanding. Subsequent to June 30, 2025, the AHFC issued Veteran’s Mortgage Bonds in the amount of \$100.0 million.

State-Supported Debt. State-Supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-Supported debt, but another public issuer may have pledged its full faith and credit to it. State-Supported debt is not considered “debt” under the State Constitution, because the State’s payments on this debt are subject to annual appropriation by the Legislature, recourse is limited to the financed property, and 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 \$129.5 million of State-Supported debt was outstanding as of June 30, 2025.

During fiscal year 2025, the Mat-Su Borough’s State of Alaska Lease Revenue Refunding Bonds, Series 2025A and Series 2025B (Forward Delivery), were issued on March 20 and June 4, respectively. The Goose Creek Correctional Center project issuance refunded the outstanding Series 2015 Bonds. The Mat-Su Borough issued \$99.5 million of Lease Revenue Refunding Bonds to refund approximately \$104.4 million of outstanding Series 2015 Bonds. The issuance did not extend the term of the original lease revenue bonds and achieved gross debt service savings of \$6.7 million and net present value savings of \$6.0 million.

On September 4, 2020, the Alaska Supreme Court issued a decision in *Eric Forrer v. State of Alaska* (“*Forrer*”) related to the Alaska Tax Credit Certificate Bond Corporation (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 Financial Statement and Supplemental Schedule as of June 30, 2025, 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 \$1,821,719,000 and the net TRS pension liability by approximately \$819,577,000.

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.

Utilizing the most recent adopted actuarial report from June 30, 2024, State long term debt for the combined PERS and TRS pension UAAL was approximately \$3.9 billion. Other Post Employment Benefit (“OPEB”) asset levels are greater than the assumed liabilities for both PERS and TRS.

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

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 and it has now expired. 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 fiscal year 2026 budget at an amount estimated by DEED to be 70 percent of total entitlements. 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 enacted fiscal year 2027 budget includes payments for the SDRP at an amount estimated by DEED to be 100 percent of total entitlements.

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 fiscal year 2027 budget includes an estimate for 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, 2025, state supported municipal debt was approximately \$327.6 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: Alaska Aerospace 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 \$1,112.9 million of such State moral obligation debt was outstanding as of June 30, 2025.

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, 2025, there was \$440.5 million of AIAS and University of Alaska revenue debt outstanding, consisting of \$235.8 million of University of Alaska revenue bonds and notes, and \$204.7 million of AIAS revenue bonds.

The State’s AIAS issued approximately \$118.0 million in Revenue Refunding Bonds, Series 2025A on January 23, 2025, and Revenue Refunding Bonds Series 2025B (Forward Delivery), on July 8, 2025, to refund \$135.9 million of outstanding Series 2016A and Series 2016B AIAS revenue bonds. The overall transaction resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$8.9 million.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets financed by bond proceeds or otherwise of assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees or moral obligation pledges. As of June 30, 2025, there was \$1,605.4 million aggregate principal amount of State agency debt outstanding, consisting of \$1,355.5 million of AHFC obligations, \$9.0 million of AMBBA Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, and \$240.9 million tobacco settlement asset-backed bond 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, 2025, the total principal amount outstanding of State agency collateralized or insured debt was approximately \$1,335.9 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, 2025, except as otherwise noted.

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Table 7
State of Alaska Debt and State-Related Debt by Type as of June 30, 2025
(\$ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	\$ 468.8	\$ 131.1	\$ 599.9
State Guaranteed Debt			
Alaska Housing Finance Corporation Collateralized Bonds (Veterans' Mortgage Program)	156.7	102.3	259.0
State-Supported Debt			
Certificates of Participation	10.3	1.3	11.6
Lease Revenue Bonds with State Credit Pledge and Payment	119.2	23.9	143.1
Total State-Supported Debt	129.5	25.2	154.7
State-Supported Municipal Debt			
State Reimbursement of Municipal School Debt Service	319.0	51.4	370.4
State Reimbursement of Capital Projects	8.6	1.3	9.9
Total State Supported Municipal Debt	327.6	52.7	380.3
Pension System Unfunded Actuarial Accrued Liability (UAAL) ⁽¹⁾			
Public Employees' Retirement System UAAL	3,147.0	N/A	3,147.0
Teachers' Retirement System UAAL	745.0	N/A	745.0
Total UAAL	3,892.0	N/A	3,892.0
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	917.0	382.4	1,299.4
Alaska Energy Authority:			
Power Revenue Bonds	195.9	170.8	366.7
Total State Moral Obligation Debt	1,112.9	553.2	1,666.1
State Revenue Debt			
International Airport System Revenue Bonds	204.7	60.9	265.6
University of Alaska Debt			
University of Alaska Revenue Bonds	205.5	81.5	287.0
University Lease Liability and Notes Payable	30.3	16.6	46.9
Total University of Alaska Debt	235.8	98.1	333.9
Total State Revenue and University Debt	440.5	159.0	599.5

	<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	128.2	N/A	128.2
State Capital Project Bonds II	1,227.3	616.7	1,844.0
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.0	1.2	10.2
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds ⁽²⁾	240.9	419.2	660.1
Total State Agency Debt	<u>1,605.4</u>	<u>1,037.1</u>	<u>2,642.5</u>
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds	410.5	139.6	550.1
General Mortgage Revenue Bonds II	876.9	505.5	1,382.4
Government Purpose Bonds	48.5	5.8	54.3
Total State Agency Collateralized or Insured Debt	<u>1,335.9</u>	<u>650.9</u>	<u>1,986.8</u>
Total State and State Agency Debt	<u>9,469.3</u>		
Municipal Debt			
School G.O. Debt	477.7		
Other G.O. Debt ⁽³⁾	1,833.3		
Revenue Debt	1,030.8		
Total Municipal Debt	<u>3,341.8</u>		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(127.8)		
Less: State Reimbursable Municipal School G.O. Debt	(319.0)		
Less: Alaska Municipal Bond Bank debt included in University debt	(73.4)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	(735.8)		
Total Deductions Due to Reporting in More than One Category	<u>(1,256.0)</u>		
Total Alaska Public Debt	<u>\$ 11,555.1</u>		

(1) From most recent June 30, 2024 actuarial valuation, as of the release of the Alaska Public Debt Book 2025 - 2026.

(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: 2025-2026 Alaska Public Debt Book, published in January 2026.

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 forecasted 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, 2025
(\$ 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
2025	\$64.2	\$2.9	\$19.5	\$56.3	\$3.6	\$182.5	\$329.0
2026	64.1	2.9	18.6	46.7	2.8	218.8	353.9
2027	63.1	2.9	20.1	41.4	2.6	257.7	387.8
2028	62.2	2.9	20.1	39.4	2.2	260.7	387.5
2029	61.3	2.9	16.8	34.6	0.9	264.3	380.8
2030	60.8	—	16.8	32.1	0.9	270.8	381.4
2031	48.8	—	16.8	29.9	0.4	277.3	373.3
2032	48.7	—	16.8	26.7	—	284.6	376.8
2033	48.6	—	16.8	20.5	—	292.3	378.2
2034	48.5	—	—	18.2	—	300.5	367.2
2035	25.4	—	—	13.2	—	308.9	347.5
2036	25.3	—	—	6.2	—	317.5	349.0
2037	6.6	—	—	1.1	—	326.5	334.2
2038	18.3	—	—	1.0	—	335.1	354.4
2039	6.1	—	—	1.0	—	345.1	352.2
2040	6.1	—	—	0.6	—	1.9	8.6
2041	6.1	—	—	0.4	—	1.8	8.3
2042	—	—	—	0.4	—	1.8	2.2
2043-2047	—	—	—	0.6	—	19.7	20.3

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

(2) Fiscal year 2025–2044 payments are based on actual bond repayment schedules on file with DEED as of June 30, 2025.

(3) In fiscal year 2025, School Debt and Capital Project Reimbursements were funded at 100%. In the enacted fiscal year 2026 budget, SDRP is funded at approximately 70% and Capital Project Reimbursements at 100%.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2024.

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

Source: 2025 – 2026 Alaska Public Debt Book, published in January 2026.

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, 1997 – 2025
Forecast for Fiscal Years Ending June 30, 2026 – 2035

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 (%)
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	2.3	—	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
2025	6,342	1.0	0.4	1.4	0.9	—	2.3
Projected*							
2026	5,947	1.1	0.4	1.5	0.8	3.7	6.0
2027	6,216	1.0	0.4	1.4	0.7	4.1	6.2
2028	6,337	1.0	0.4	1.4	0.7	4.1	6.2
2029	6,489	0.9	0.3	1.2	0.5	4.1	5.8
2030	6,684	0.9	0.3	1.2	0.5	4.1	5.8
2031	6,937	0.7	0.2	0.9	0.4	4.0	5.3
2032	7,194	0.7	0.2	0.9	0.4	4.0	5.3
2033	7,451	0.7	0.2	0.9	0.3	3.9	5.1
2034	7,646	0.6	0.0	0.6	0.2	3.9	4.7
2035	7,832	0.3	0.0	0.3	0.2	3.9	4.4

* The forecast for fiscal years 2026 through 2035 use projections included in the 2025 – 2026 Alaska Public Debt Book, which was based on available information as of the Fall 2025 Revenue Forecast release.

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

Source: 2025 – 2026 Alaska Public Debt Book, published in January 2026.

MEMORANDUM

STATE OF ALASKA Department of Revenue

TO: State Bond Committee ("SBC")

DATE: July 29, 2026

FROM: Ryan Williams
State Debt Manager
DOR - Treasury Division

TELEPHONE: 907-465-2893

SUBJECT: Report

Rating Agency Update - As part of annual surveillance and certain interaction with rating analysts for a recent state agency debt issuance, S&P, Moody's and Kroll have affirmed the State's general obligation bond ratings of AA, Aa2, and AA+, respectively. I anticipate additional communication with all agencies for any inquiries on enacted fiscal year 2027 budget summaries, final 6/30 results, special supplemental appropriations, and other legislative matters.

The Treasury Division received a waiver to hire for a Treasury Analyst role within DOR in January 2026, and the position was filled by Anton Rieselbach who assists with operations and debt management responsibilities, among other items.

All continuing disclosure undertakings were satisfied in January and February 2026. These include the Alaska Public Debt Book 2025-2026, the DOR Revenue Sources Book, State of Alaska ACFR, AIAS ACFR, and required AIAS financial tables.

The Debt Management Section will work with OMB and Fiscal Officers on fiscal year 2028 debt service needs and other anticipated operating appropriations related to the maintenance of the State's debt portfolio.

The Debt Management Section has reached out to DEC regarding the annual overnight borrowing / Revenue Bond Anticipation Note issuance for the Alaska Clean Water and Drinking Water funds. The enacted fiscal year 2027 budget contained estimates of approximately \$2.1 million for the Clean Water fund, and \$2.2 million for the Drinking Water fund borrowing. We anticipate the need for consideration by the SBC in late Fall 2026.