

2026 State of the State

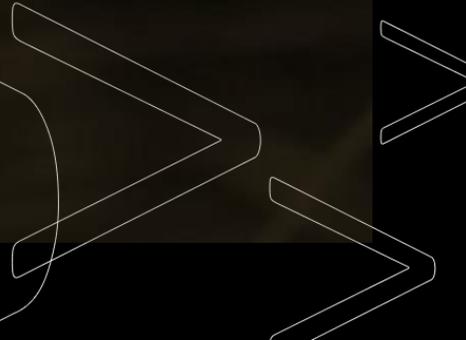
- MARK HICKEY, AEB LOBBYIST

- MARCH 11, 2026

Where Do We Stand & What To Expect Going Forward



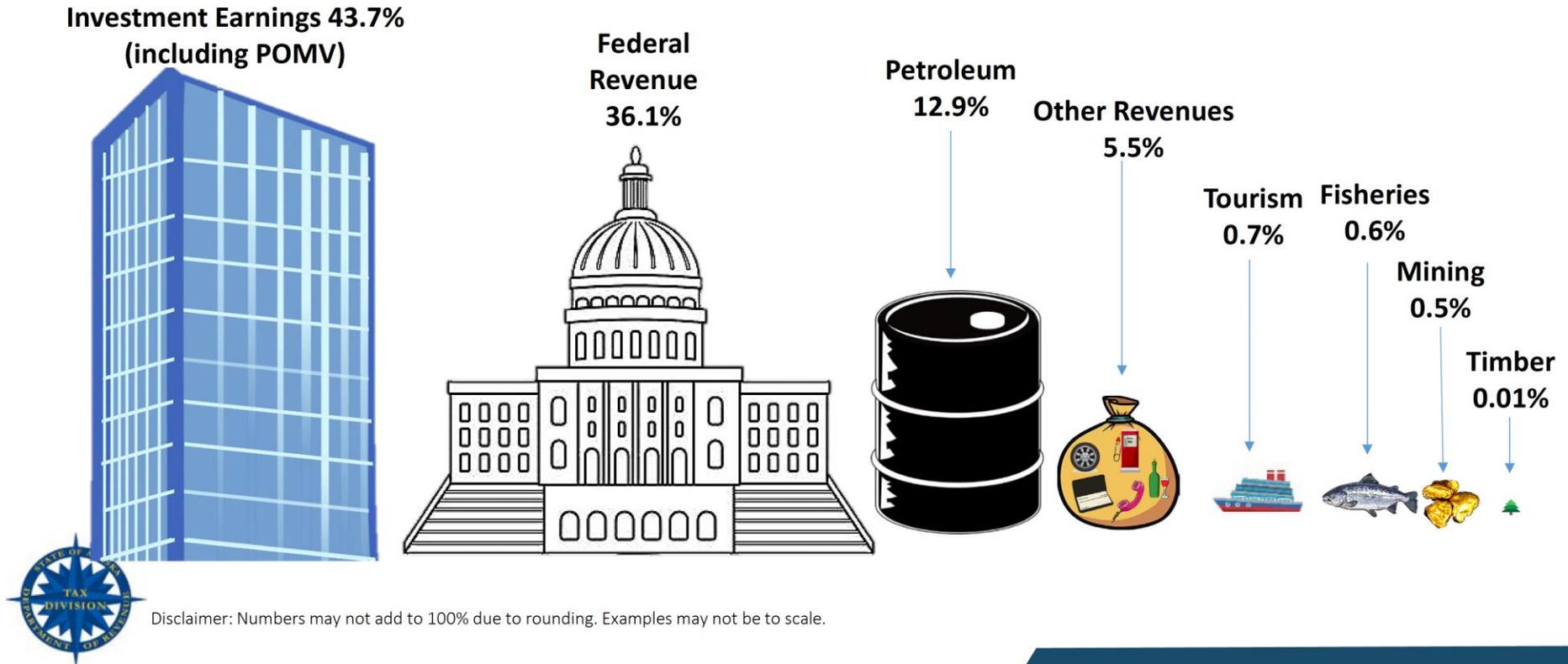
- ▶ Alaska's Fiscal Status
- ▶ 2026 Challenges



TOTAL FY 2025 STATE REVENUES BY SOURCE

Relative Contributions to Total State Revenue: FY 2025

Total State Revenue: \$19.2 Billion



Disclaimer: Numbers may not add to 100% due to rounding. Examples may not be to scale.

TOTAL FY 2025 STATE REVENUES BY SOURCE – PERCENTAGE COMPARISON TO FY 2024

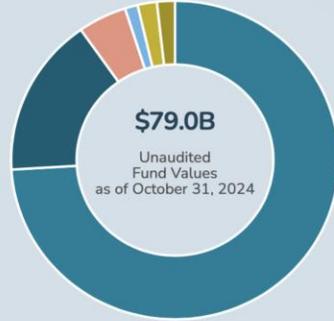
<u>Revenue Source</u>	<u>Dollar Amount</u>	<u>Percent of Total Revenue</u>	<u>FY 2024 Percentage</u>
Investment Revenue	\$8.38 billion	43.7%	36.7%
Petroleum Revenue	\$2.48 billion	12.9%	18.7%
Non-Petroleum Revenue	\$1.38 billion	7.3%	7.4%
Federal Revenue	<u>\$6.94 billion</u>	<u>36.1%</u>	<u>37.2%</u>
Total	\$19.2 billion	100%	100%

TOTAL FUND VALUE

AS OF OCTOBER 31, 2024

\$79,010,400,000

RATE OF RETURN FYTD AS OF OCTOBER 31, 2024: **2.56%**
8.24% OVER 5 YEARS



TOTAL FUND VALUE

AS OF JANUARY 31, 2025

\$87,565,000,000

ALASKA PERMANENT FUND STATUS

OCTOBER 31, 2024
VERSUS
JANUARY 31, 2025

PRINCIPAL

\$59.1B

Unrealized Gains: \$15.1B

ERA UNCOMMITTED

\$6.6B

+ Committed FY27 POMV \$4.0B
+ \$0 Committed for FY26 Inflation Proofing + Unrealized
Gains \$2.8B

The FY25 Inflation-Proofing amount of \$1 billion was repealed in HB53. This amount, which was previously shown as a commitment, is now included in the ERA's uncommitted 'spendable' realized earnings value.

RATE OF RETURN FYTD AS OF DECEMBER 31, 2025

6.63%

7.92% OVER 5 YEARS

State Revenue Forecast Trends

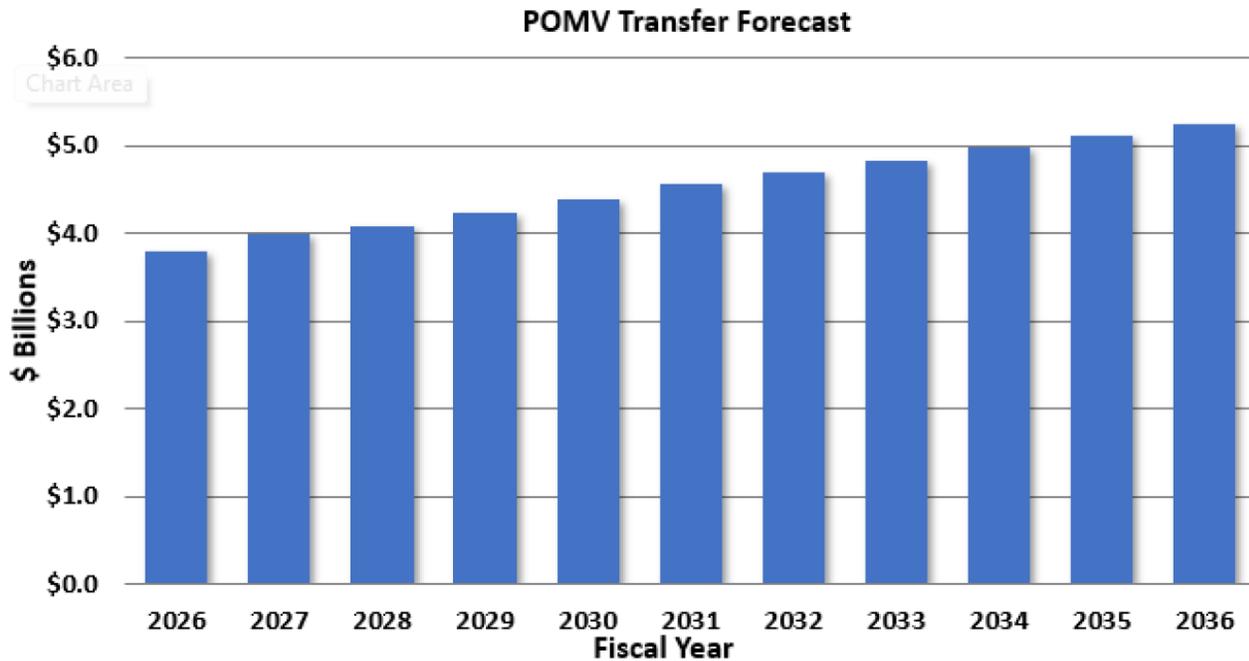
Total Revenue Forecast: FY 2025 to FY 2027 Totals

\$ Millions	History	Forecast	
	FY 2025	FY 2026	FY 2027
Revenue Type			
Unrestricted General Fund			
Investment Revenue	3,793.1	3,898.2	4,077.8
Petroleum Revenue	1,910.5	1,425.1	1,443.7
Non-Petroleum Revenue	638.6	623.8	694.0
Subtotal	6,342.2	5,947.1	6,215.5
Designated General Fund			
Investment Revenue	258.6	225.0	164.7
Petroleum Revenue	115.3	82.6	109.1
Non-Petroleum Revenue	538.0	467.0	475.1
Subtotal	911.9	774.6	748.9
Other Restricted Revenue			
Investment Revenue	4,322.2	3,829.4	2,222.9
Petroleum Revenue	429.8	328.4	341.5
Non-Petroleum Revenue	207.0	304.6	276.2
Subtotal	4,959.0	4,462.4	2,840.6
Federal Revenue			
Federal Receipts	6,921.9	6,648.8	5,538.6
Petroleum Revenue	18.2	15.9	-
Subtotal	6,940.1	6,664.7	5,538.6
Total State Revenue	19,153.2	17,848.9	15,343.6



Note: Petroleum revenue shown in the Federal category includes the state share of rents, royalties, and bonuses received from the National Petroleum Reserve-Alaska (NPR-A). From FY2027 onward that revenue is divided between unrestricted revenue (74.5%, the Permanent Fund (25%), and Public School Trust Fund (0.5%). Restricted Investment Revenue includes total realized and unrealized earnings from the Alaska Permanent Fund less the POMV transfer, Constitutional Budget Reserve Fund

Unrestricted Investment Revenue: Percent of Market Value (POMV) Transfer Forecast



- Permanent Fund total return for FY 2025 of 9.35%
- \$85.8 billion fund value as of 11/30/25
- 7.60% return assumption for remainder of FY 2026
- Long-term total return expectation of 7.30% for FY 2027+
- 5.0% annual POMV transfer

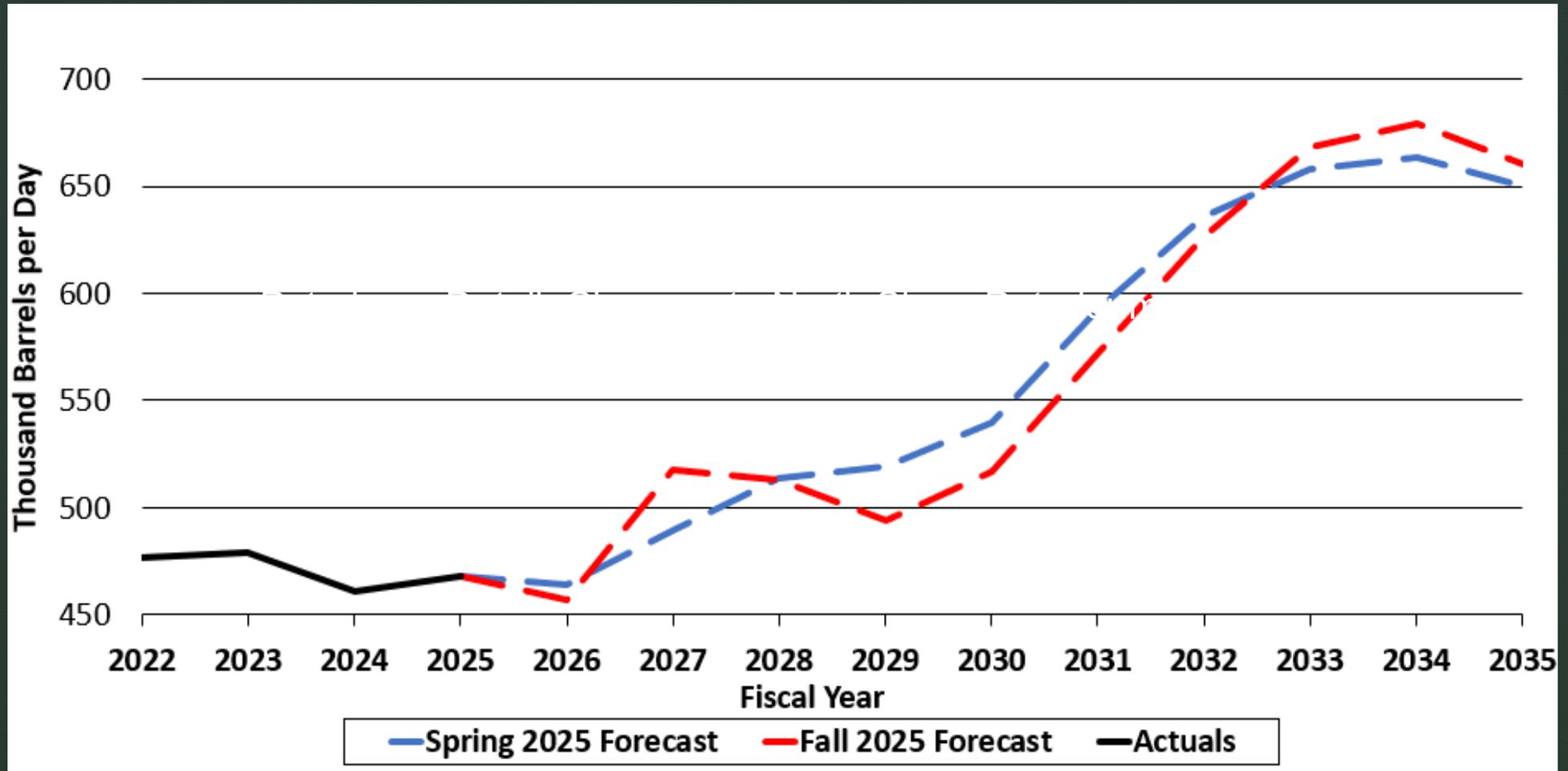


Graph is presented in nominal dollars.

POMV = Percent of Market Value

Source: DOR Fall 2025 Revenue Forecast

Changes to North Slope Petroleum Production Forecast



Source: DOR 2025 Fall Forecast

STATE'S FY 2026 & FY 2027 REVENUE PICTURE

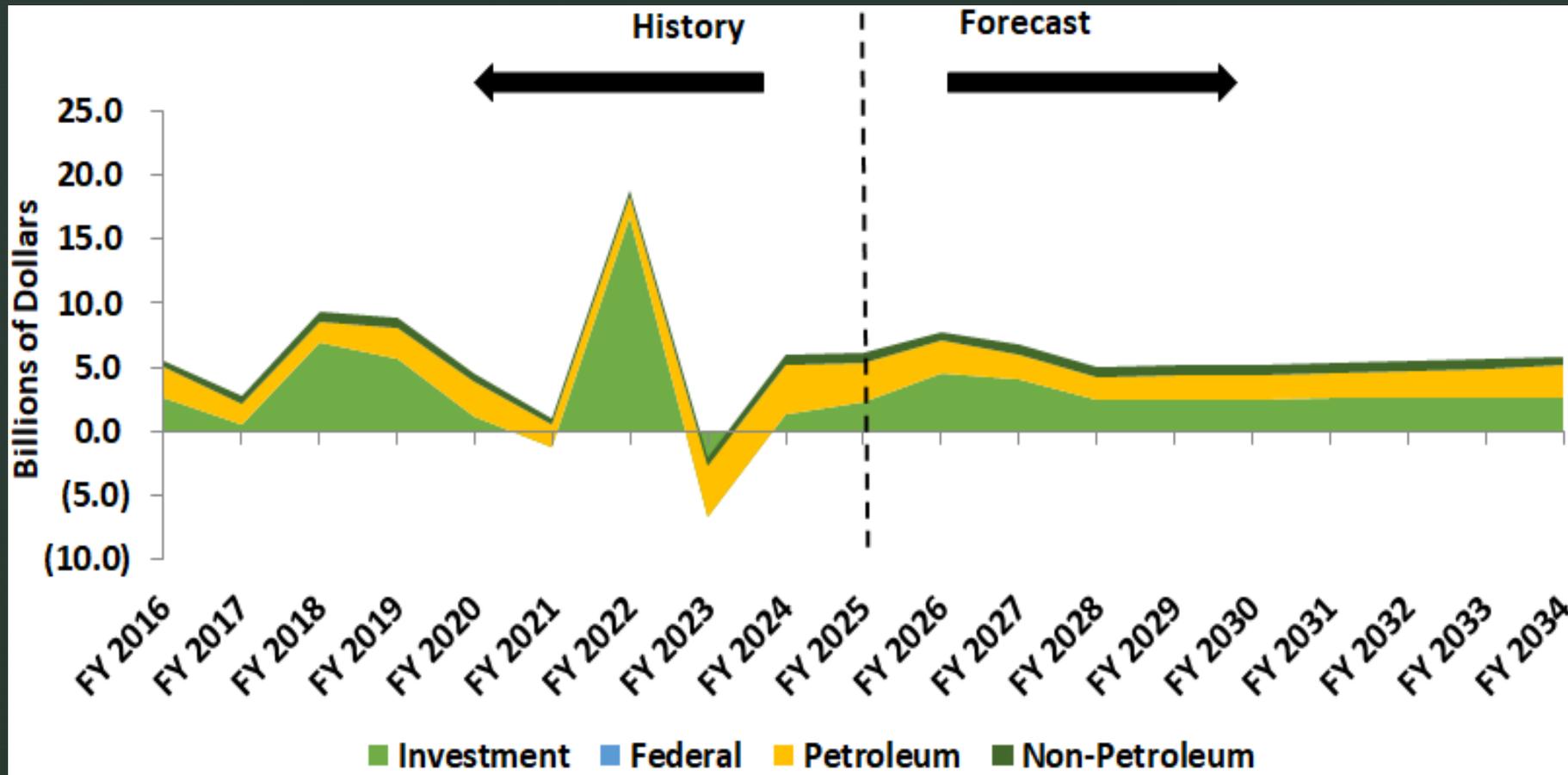
In comparison to the DOR's Spring 2025 forecast, the December 2025 forecast decreased by \$2.52 per barrel for FY 2026 and \$5.00 per barrel for FY 2027.

The ANS oil production forecast decreased by 7,000 barrels per day for FY 2026 and increased by 7,000 barrels per day for FY 2027. The FY 2026 revenue estimate decreased by \$181 million for FY 2026 and \$119 million for FY 2027.

The Permanent Fund is set to transfer \$3.8 billion to the General Fund for FY 2026 and \$4.0 billion for FY 2027. These amounts are used for general government spending and annual payment of dividends to Alaskan residents.

The Permanent Fund income transfer remains the single, largest source of revenue to the General Fund, contributing 59% of UGF for FY 2026 and 66% for FY 2027.

Total State Revenue – A Look Back & A Look Ahead



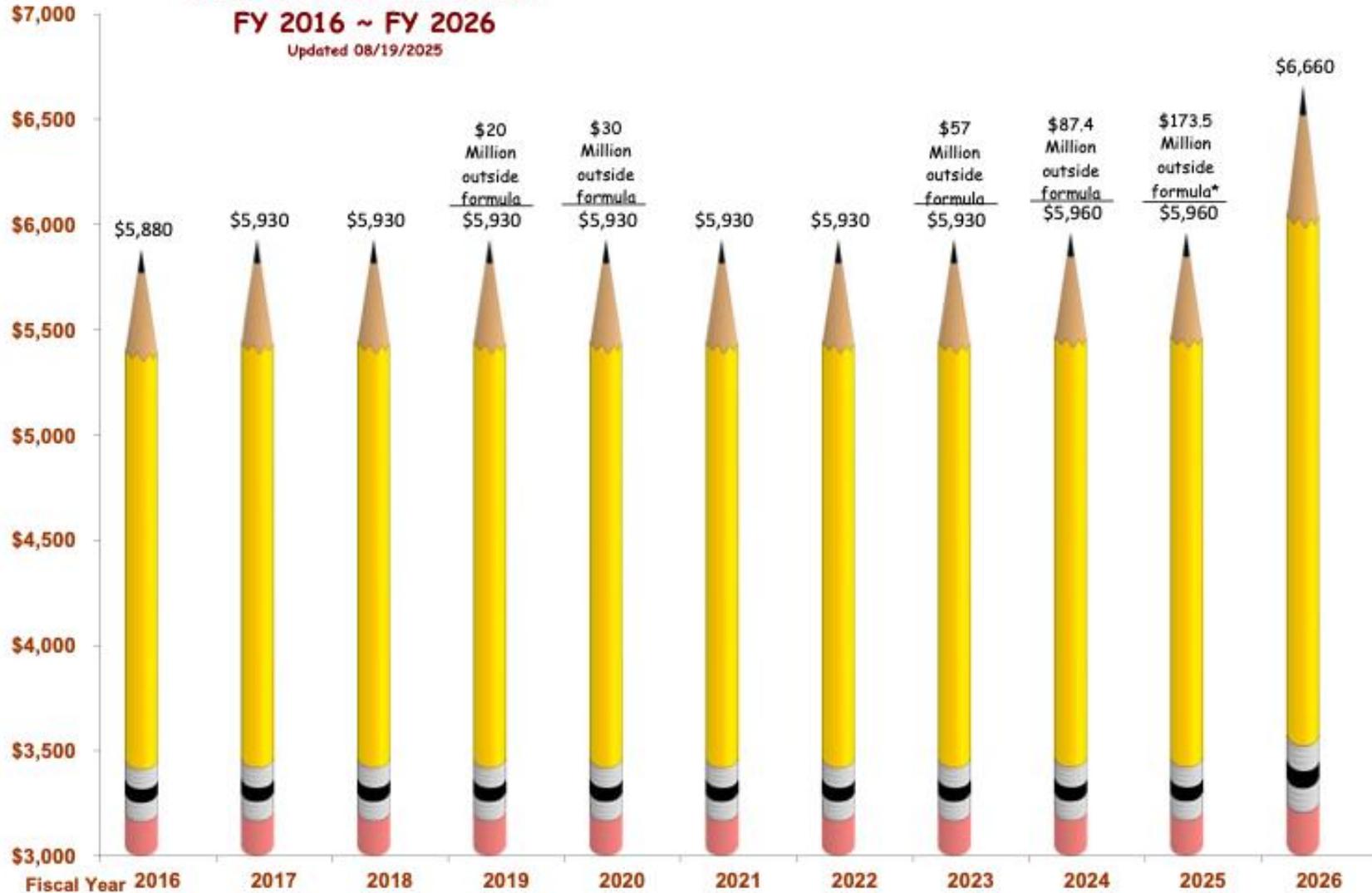
Source: DOR Fall 2025 Revenue Forecast

Alaska K-12 Funding

Base Student Allocation

FY 2016 ~ FY 2026

Updated 08/19/2025



* FY2025 outside formula funding is a \$680 BSA equivalent

FY 2027 Education Issues

- K-12 Education Funding – BSA increase versus one-time money?
 - House Bill No. 374 proposes BSA increase of \$630 = \$160 million more
 - Or one-time money equal to \$381 BSA = \$110 million more
- School Debt Reimbursement Program – 100% Funded
- FY 2027 School Major Maintenance List:
 - #3 Sand Point K-12 Major Maintenance Supplemental - \$219,588
 - #20 Sand Point K-12 School Doors & Locker Replacement - \$383,986
 - #51 King Cove K-12 School Piping Project - \$452,970

Dunleavy Fiscal Plan Status

- Governor Dunleavy proposed state sales tax of 2%, with a seasonal increase to 4% between April and September, new spending limit bill, & a constitutional amendment to protect the PF dividend with a 50/50 split between dividends and government services.
 - Plan requires passage of all pieces.
 - None of these ideas are moving.
- Senate Resources Committee moved the governor's bill (Senate Bill No. 227) but eliminated the sales tax, replacing it with a re-write of state's oil tax structure, adding the Multistate Tax Compact to capture taxes on internet sales, and made oil & gas S corporations like Hilcorp subject to corporate income tax.
- No significant action in House yet. Increase in oil prices due to Iran War (already up \$10 per barrel of West Coast ANS) will likely further depress any interest in pursuing such measures this session.

OTHER LEGISLATIVE ISSUES

BUDGET ISSUES TO WATCH

- HARBOR DEBT REIMBURSEMENT PROGRAM
- TRANSPORTATION PROGRAM MATCH
- PERS/TRS SUPPORT
- PCE & COMMUNITY ASSISTANCE PROGRAMS
- AMHS CY 2026 OPERATING BUDGET
- SLIM FY 2027 CAPITAL BUDGET/GO BOND BILL
- PF DIVIDEND AMOUNT - BETWEEN \$800 & \$1400

OTHER MATTERS

- ALASKA NATURAL GAS PIPELINE – SPECIAL SESSION?
- RURAL HEALTH TRANSFORMATION PROGRAM
- M/V TUSTUMENA VESSEL REPLACEMENT
- PASSAGE OF HYBRID DEFINED BENEFIT/DEFINED CONTRIBUTION RETIREMENT PLAN
- FISHERIES LEGISLATION – HB 33; HB 125; SB 135
- OMNIBUS ELECTIONS BILL – WITNESS SIGNATURE ISSUE



QUESTIONS?