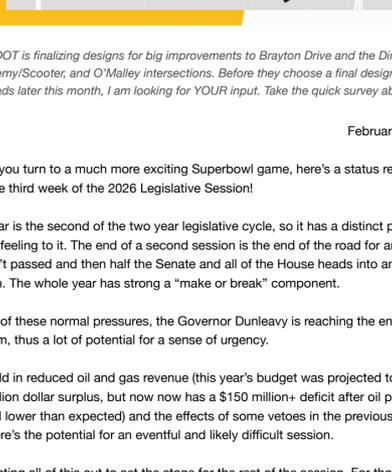


ROAD PROJECTS COMING

to Brayton, Dimond, Academy/Vanguard, O'Malley

SHARE YOUR FEEDBACK



TAKE THE SURVEY

AKDOT is finalizing designs for big improvements to Brayton Drive and the Dimond, Academy/Scotter, and O'Malley intersections. Before they choose a final design for the roads later this month, I am looking for YOUR input. Take the quick survey above!

February 8, 2025

Before you turn to a much more exciting Superbowl game, here's a status report from the third week of the 2026 Legislative Session!

This year is the second of the two year legislative cycle, so it has a distinct pressure cooker feeling to it. The end of a second session is the end of the road for any bill that isn't passed and then half the Senate and all of the House heads into an election. The whole year has strong a "make or break" component.

On top of these normal pressures, the Governor Dunleavy is reaching the end of his last term, thus a lot of potential for a sense of urgency.

Now add in reduced oil and gas revenue (this year's budget was projected to have a \$50 million dollar surplus, but now now has a \$150 million+ deficit after oil prices trended lower than expected) and the effects of some vetoes in the previous budget, and there's the potential for an eventful and likely difficult session.

I'm pointing all of this out to set the stage for the rest of the session. For those of you keeping an eye on what is happening in Juneau, it's good to have the context of the cycles when watching what gets an elevated level of attention and what gets sidelined in the next few months. It's going to be interesting no matter what!

The stage is set for the looming rush and growing urgency, as a result there's going to be lots to talk about in this, and future newsletters.

I try to keep these newsletters to the point, so I'll limit this report to a couple of particularly hot topics, including:

- An explanation of the *supplemental budget*, what it is and why we need one this year. (Hint, vetoes and reduced revenue)
- The Governor's fiscal plan proposal introduced at the beginning of this session.
- What's up with education this year.

We also have some important local community updates down below, so don't forget to scroll to the bottom for information about how to appeal your property tax rates, and more!

As always, it's my pleasure to serve you as your Senator for District F.

Regards, James

The Missing \$70 Million for Road Projects

I have been hearing from folks concerned about the \$70 million in state match funding for Department of Transportation (DOT) projects. With our short construction season, any uncertainty about funding the projects on time rightfully has many concerned. As such, it's been a big topic of discussion around the Capitol.

Each year, the legislature passes a capital budget that funds one-time items, many of which are roads and highway projects. The DOT leverages those dollars for federal match funding money, often at a ratio of 9 to 1 – meaning we pay around 10% and the federal government pays the other 90% of a given project. Last year, with a particularly tight budget, we passed a bare bones capital budget that met the federal match to best leverage our scarce dollars and did little extra.

What's the issue? During last year's budget process, the Legislature used unspent balances from old projects to satisfy this match requirement. There was disagreement between the legislature and the Governor's office about using funds from older projects. Ultimately, when the budget was passed most of these re-appropriations were vetoed by the Governor, leaving that \$70 million shortfall.

To fix this issue, the legislature could pass what is known as a fast track supplemental early in the session. My office has been hearing from folks that they would like to see the match funding made as early as possible so ensure planning for construction projects this summer can proceed smoothly. That money would need to come out of the Constitutional Budget Reserve which requires a three-quarter vote of the legislature to pass – a high bar, but one that I feel could be met if it was put into a "clean" standalone funding bill.

The other way to fund the money would be to include it in the final budget in May. We have heard from DOT officials that the 2026 projects are still on track and there won't be any delays so long as the funding is appropriated before the end of this fiscal year, which ends June 30th, 2026.

It remains to be seen which method legislative leadership chooses to pursue. The House currently has a fast track supplemental, House Bill 283, that would fund the \$70 million match. As currently written, however, it also includes other supplemental funding requests that are unrelated to the DOT match funds. I believe having too much in that bill could risk its passage.

At the end of the day, delays or inaction risk project deferrals, lost jobs, and increased costs, as well as missing out on a huge amount of federal money. I will keep you updated in future newsletters with where things stand.

Where are we in the budget process?

Operating Budget

View documents for each at Legfin.akleg.gov

1. Governor's Proposed Budget
2. **House budget review process - We are here**
3. Governor's Amended Proposed Budget
4. House continues budget review process
5. House Proposed Version of the Budget
6. House passes the Operating Budget
7. Senate review process
8. Senate Version of the Budget
9. Senate passes the Operating Budget
10. House and Senate negotiate a compromise Budget
11. Final Budget is passed by the full Legislature
12. Governor Signs the Budget with Vetoes

Capital Budget

View documents for each at Legfin.akleg.gov

1. Governor's Proposed Budget
2. **Senate review process - We are here**
3. Governor's Amended Proposed Budget
4. Senate continues budget review process
5. Senate Proposed Version of the Budget
6. Senate Passes the Capital Budget
7. House review process
8. House Version of the Budget
9. House Passes the Capital Budget
10. Senate and House negotiate a compromise Budget
11. Final Budget is passed by the full Legislature
12. Governor Signs the Budget with Vetoes

RDC's Annual Legislative Panel



I had the pleasure of speaking at the Resource Development Council's legislative breakfast before heading to Juneau. It was a great forum to discuss the upcoming session with resource development leaders from around the state. Thanks to RDC for the work you do connecting lawmakers with the doers in our state!

Governor Dunleavy's Fiscal Plan

Alaska has a notoriously volatile revenue stream tied to oil leading to boom-and-bust budgeting cycles for state government. Governor Dunleavy introduced a fiscal plan proposal last week seeking to address that volatile cycle. His proposal includes a number of elements that are now being reviewed in the House and Senate.

Here is a glance at some of the big provisions:

A Temporary Statewide Sales Tax - HB 284

- Creates Alaska's first-ever state sales tax, with seasonal rates:
 - 4% during the summer (April–September)
 - 2% during the rest of the year (October–March)
- Designed to capture revenue from tourism and nonresidents.
- The tax is temporary and would automatically drop to 0% on January 1, 2034, unless a future legislature acts.

Corporate Income Tax - HB 284

- Alaska's corporate income tax structure remains in law, but the rate drops to 0% starting in 2031.
- Requires outside corporations that sell things online in Alaska to pay their portion of the state corporate income tax.

Oil Taxes - HB 284

- 15 cent per barrel transportation fee for oil that flows through the pipeline
- Raises the production tax floor from 4% to 6%.

Statutory Spending Cap - SB 223

- Caps the growth of government spending to 1% a year.

Permanent Fund and the PFD - SJR 23

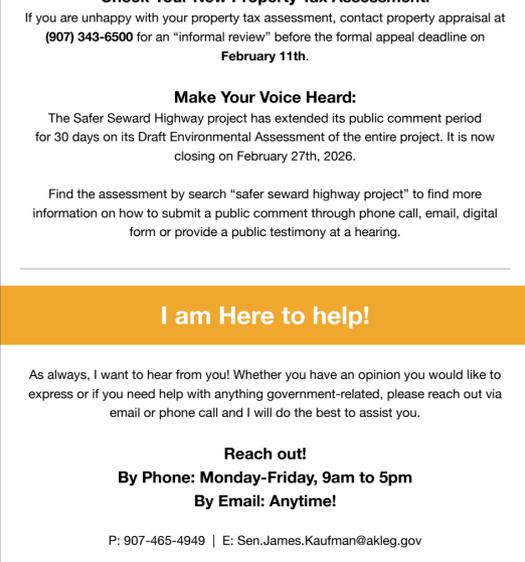
- Puts a yearly 5 percent of market value draw (POMV) from the permanent fund into the Constitution:
 - 50% of the POMV would go to pay a PFD to Alaskans.
 - 50% would go towards government services.
- Combines the earnings reserve (the spendable portion of the Permanent Fund) with the principal (currently constitutionally protected).

All of these bills are conditioned on passage of other pieces of his plan.

The legislature is still in the early stages of discussing the bill. A package of legislation of this size will get a great deal of scrutiny as it moves through the body.

I am working to learn more about them and look forward to a chance to ask questions in upcoming committee meetings. I will keep you updated!

Great Views!



Nothing can beat the Chugach mountains, but if I have to be in Juneau, I always appreciate getting to see these beauties on my walk to work.

ASD Proposes Their Budget

Last year, the legislature raised the BSA by \$700 per student, bringing the per student amount to \$6660. This was the largest single increase in Alaska history.

This year, ASD has released their proposed 2026-2027 budget that began with a \$90 million deficit. The School Board is now taking steps to balance that budget, including proposals to reduce staffing levels and eliminate some sports and gifted programs. Additionally, classroom sizes averages are increasing. In good news, teachers will be receiving a 17% raise over 4 years.

One factor contributing to consistent budget deficits is that we are seeing fewer kids enroll in ASD each year. That means less funding to the district. Fewer students and less funding prompted the closure of Abbott Loop Elementary in 2023, and similar closures since. ASD leadership has indicated they will likely continue to seek ways to "right size" the district.

Conversations about school funding are happening here in the legislature. However, the costs across the state continue to rise while current revenue does not offer much (if any) buffer. We will be able to fund this year's state budget, but it will be very challenging to include another substantial increase to the BSA.

Now is the time to engage with the School Board. You can share your thoughts with members by emailing schoolboard@asdk12.org or by attending upcoming school board meetings.

Congratulations to our Alaskan Olympians!

A huge congratulations to the 8 Alaskans who made the US Olympic ski team this year – that's half the team! And a special shoutout to two of my awesome constituents, Gus Schumacher and Rosie Brennan! Go get 'em!

Appeal Your Property Tax Assessment

Anchorage Muni property tax assessments have been set for 2026. If you've not already received your card in the mail, you can look up your property today!

Changes in the municipality's appraisal methodology may have caused a large assessment change for your home. While some folks saw their assessments go down, I have also been hearing from folks in our area that they saw assessment increases of more than 10%.

If you're not happy with your assessment, MOA Property Appraisal staff are reviewing individual cases and may be able to make adjustments without the need for a formal appeal. Call them as soon as possible at (907) 343-6500.

If you want to make a formal appeal, you must file it by **February 11, 2026**. For more information, click the button below or call the appeal hotline at (907) 343-6500.

[Check Your Property or Appeal](#)

Check in on My Bills

My biggest legislative priorities continue to be addressing Alaska's big fiscal issues and improving the way we plan and budget as a state. I also have other legislation that I believe can make meaningful changes to our state and district.

Dig into these and let me know if you have any thoughts!

Moved to It's Next Committee:

Helping our Defined Contribution Public Employees | SB 198

When teachers, firefighters, police officers, state and Muni employees in our state's Defined Contribution (think 401k style) retirement system go to retire after 30+ years, they run into an inflexible system that makes it hard to access the health insurance they've earned.

SB 198 takes the recommendations of the Alaska Retirement Management Board (the fiduciary in charge of managing all of our state's retirement accounts) and makes it a little easier for long-serving employees to qualify for state health insurance in retirement, and adds needed flexibility to how they access it.

Today SB 198 moved out of its first committee on Friday with unanimous support. I look forward to presenting it to the Senate Finance Committee soon.

Another Hearing Coming Up!

Repealing Unused and Inactive Funds | SB 163

While we spend our time debating the big ticket items, many small expenses quietly draw on the state's coffers. A few years ago, my Senate Bill 25 repealed several long-dormant accounts that we were still paying to maintain and instituted a biennial review mechanism to identify more inactive funds for repeal. The first report came out at the beginning of this year and showed that there are 56 inactive funds currently on the books. SB 163 takes the first step toward cleaning up our books by repealing 11 of these funds. This is the sort of good governance bills that I am always on the look out for!

We had one hearing on the bill last week. Now we are working on some changes and then will move on to our second committee!

Fiscal Policy

GDP-Based Cap on Government Spending | SB 36 / SJR 4

Senate Bill 36 is a functional state spending cap which constructively links our private sector performance (measured by GDP) and government spending. An effective limit like this one creates stability and predictability in our budgeting process - in economic boom years, extra revenues are pushed forward, preventing the need for drastic cuts in down years.

Incorporating Strategic Planning into our Budgeting | SB 37

Senate Bill 37 reorganizes the Executive Budget Act to integrate strategic planning and performance management into the state's budgeting process. This legislation would put state agencies on four year strategic operating plans, help the Legislature more effectively review budgets for each agency, and improve transparency for the public.

Modernizing our Permanent Fund Account | SJR 5

A little background, the Permanent Fund is broken into two accounts, the constitutionally un-spendable Principal (~70 billion) and the spendable Earnings Reserve Account (ERA) (~15 billion). In 2018, the Legislature began using a 5 Percent of Market Value (POMV) draw to manage withdrawals from the Permanent Fund. That 5% is based on best practices of other large endowment funds. Since then, yearly POMV draws and required inflation proofing have begun depleting the ERA.

There is a growing understanding by both the Permanent Fund Corporation and the Legislature that the two-account structure (where only the ERA is available for appropriation by the Legislature) could result in a fiscal crisis if the ERA is ever depleted far enough. At the end of last year, APFC's Board of Trustees produced "2024 APFC Trustees' Paper 10" which outlines in much more detail the problem and recommended solution.

SJR 5 consolidates the Principal and the Earnings Reserve into one account managed for total return. It then constitutionalizes a "no greater than" 5.5% yearly POMV draw. The expectation is that a lower POMV draw would be put into statute. It also includes language ensuring that a Permanent Fund dividend is paid yearly according to a formula in statute. SJR 5 is currently in the Senate Judiciary Committee.

Modernizing Government

Creating an Office of Information Technology | SB 38

Senate Bill 38 recognizes the fundamental role of Information Technology (IT) projects in innovative solutions that can move Alaska into a new era of management and operations. This bill establishes the Office of Information Technology within the Department of Administration. This legislation creates clear roles, guides development of structured processes, and standardizes management practices for overseeing IT projects across state agencies.

We empower the State Chief Information Officer (CIO) to oversee IT projects, ensuring adherence to best practices, ensuring budget compliance, and delivering results that align with legislative intent. SB 38 also requires state agencies to document IT project requirements in biennial information technology plans, promoting transparency and accountability. Advancing this bill helps to create a more efficient, responsive, and customer-driven information technology landscape in our state, ensuring that IT projects continue to play a crucial role in enhancing the lives of all Alaskans. SB 38 is currently in the Senate State Affairs Committee and I am working to prepare it for its first hearing.

Community Updates

PFD Applications are Open:

PFD applications are available until March 31, 2026. Find it by logging into your MyAlaska Account or by looking up "Alaska PFD application." Don't wait! Submit your application today!

Check Your New Property Tax Assessment:

If you are unhappy with your property tax assessment, contact property appraisal at (907) 343-6500 for an "informal review" before the formal appeal deadline on **February 11th**.

Make Your Voice Heard:

The Safer Seward Highway project has extended its public comment period for 30 days on its Draft Environmental Assessment of the entire project. It is now closing on February 27th, 2026.

Find the assessment by a search "safer seward highway project" to find more information on how to submit a public comment through phone call, email, digital form or provide a public testimony at a hearing.

I am Here to help!

As always, I want to hear from you! Whether you have an opinion you would like to express or if you need help with anything government-related, please reach out via email or phone call and I will do the best to assist you.

Reach out!

By Phone: Monday-Friday, 9am to 5pm

By Email: Anytime!

P: 907-465-4949 | E: Sen.James.Kaufman@akleg.gov

Find Your Community Council

Abbott Loop Community Council Meeting

Thursday, February 26, 6:30-8:30 PM
Available on Zoom: Meeting ID: 834 4646 7426 | Passcode: ALCC

Hillside Community Council Meeting

Wednesday, March 4, 6:30-8:00 PM
Alaska Conference of Seventh-day Adventists State Headquarters building (NOT the church itself) at 6100 O'Malley Road
Also available on Zoom: Meeting ID: 865 9049 3825 | Passcode: 372912

Huffman/O'Malley Community Council Meeting

Thursday, February 19, 7:00-9:00 PM
In-person at Huffman Elementary School at 12000 Lorraine St
Also available on Zoom: Meeting ID: 941 5287 1929 | Passcode: 320438

Hillside Home & Land Owners (HALO)

Check online for meeting dates, typically the first Thursday of the month at 7:00PM
Shepherd of the Hills (corner of Klatt Rd & Elmore Rd)
Also available on Zoom: Meeting ID: 455 419 5765 | Passcode: HALO
Find more information at anchoragehalo.org

[View email in browser](#)

Get ahead of us!

Sen.James.Kaufman@akleg.gov | (907) 465-4949 | [Check out our Website](#)

We still like Snail-Mail:

During Session (January - May): Alaska State Capitol, Room 115, Juneau, AK 99801
During Interim (June-December): 1500 W Benson Blvd, Anchorage, AK 99503

[update your preferences](#) or [unsubscribe](#)