



**To: Valdez City Council**  
**Re: State and Federal Policy Priority Updates**

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The goal of this memo is to provide an overview of significant policy shifts at the state and federal levels and movement on topics related to 2025 City of Valdez legislative priorities.

**Housing (state and federal)**

- Approval received for future construction of additional Coast Guard Housing Units in Valdez however the Coast Guard has been noncommittal. Recent [process in Kodiak](#) has been cited as a possible model.
- Alaska Corporation for Affordable Housing is completing development of 20 units in Valdez.
- PRICE Program 2024 application was not funded by HUD- Community Development Department looking at other options for mobile home replacement.

**Child Care (state and federal)**

- SB 189 which [expanded child care assistance and added specific business tax credits for child care investment](#) passed into law in 2024 – it faced a [legal challenge](#) due to the single subject rule.
- SB 95 was [passed in May of 2025](#) to ensure provisions related to child care would have legal effect.
- The Division of Public Assistance [announced new rate schedule](#) and noted an additional \$5.9 million in annual funding is being put toward supporting licensed child care.
- At the federal level, the [Department of Health and Social Services](#) has frozen about \$2.4 billion in Child Care Development Fund monies in five states. States are under greater scrutiny currently.
- The final [2025 tax reconciliation package](#) (One Big Beautiful Bill) made several changes to the Child and Dependent Care Tax Credit (expanded), Employer Provided Child Care Credit, Child Tax Credit (altered), and other programs.
- \$3 million FY24 federal discretionary funding for child care will be used in renovation of District Office and \$880,000 State of Alaska Community INNOVATION grant fully expended.

**Strategic Port Value and Port Infrastructure (state and federal)**

- With help of the Alaska delegation the USCG Cutter Liberty was replaced with USCG Cutter Blacktip – a home porting ceremony took place in the summer of 2025.
- The city engaged PN&D and Corvis design to assist with conceptual design and promotional materials to illustrate the potential for and benefits of additional US Coast Guard or military assets being homeported in Valdez. Other Alaska communities like Kodiak and Juneau will not likely be able to host as many vessels as the coast guard is planning to construct.

**Support for Valdez Area State Parks (state)**

- Ranger position for Valdez area remains unfunded.
- Maintenance for Valdez area parks is still contracted to VAA with little state support.
- [HB 79 Renaming Shoup Bay State Marine Park](#) as Vic Fischer State Marine Park passed the House and is in Senate Resources committee (COV submitted letter of support).



## Local Control in Municipal Property Taxation (state)

- Current [version of HB 13](#) includes COV's desired language "(dd) *A municipality may by ordinance exempt or partially exempt from taxation real property owned and occupied as a permanent place of abode by a resident of the municipality.*" This bill also has additional provisions intended to help alleviate housing affordability issues.
- It passed the House in May 2025 and was referred to Senate Community and Regional Affairs and State Affairs committees.

## Adequately Fund Public Education (state and federal)

- The Alaska Legislature successfully [passed HB 57](#) raising the BSA from \$5,960 to \$6,660. Other provisions related to charter schools, reading grants and wireless telecommunications policies were in this bill as well. The governor vetoed this bill, but the veto was overridden. The governor then used his line-item veto authority to reduce the enacted operating budget funding amount to the prior BSA amount. [This veto was also overridden](#) by the legislature.
- Valdez City Schools continues to advocate for control of local contributions and supports [HB 212](#), which would base the funding formula on a 3-year enrollment average and SB 113, which passed but was vetoed last year and would have directed corporate income tax from online business to school funding.
- COV commented in opposition to [proposed regulation changes](#) to alter the definition of "Local Contribution" that would severely limit local communities' ability to fund community programming in schools. The state claimed the change related to correcting their [failure of the federal disparity test](#) but communities and school districts argued that the two decisions were unrelated.
- Herman Hutchens Elementary School Exterior Renovation ranked 16<sup>th</sup> on the [FY 26 school major maintenance list](#) – only the first three projects were funded due to [governor veto](#).
- Secure Rural School funding for recent federal fiscal years was approved and has now been received.

## Reliable Transportation Systems (state and federal)

- Overall coordination with Alaska DOT&PF has been positive in 2025.
- Ferry operations remain sporadic in Prince William Sound- there were no sailings on the Valdez, Cordova, Whittier route for a two-month period (Dec 2024- Jan 2025). There is an approved 2026 project for [replacing the M/V Tustumena](#), which may add flexibility for the fleet.
- Alaska DOT&PF completed repaving of the section of the Richardson Hwy where several automobile accidents have occurred in recent years. There are additional repairs planned to the Richardson and Glenn highways. Federal Highway Administration [redistributed \\$183.4 million in federal funds](#) to Alaska DOT&PF allowing for additional road projects to be funded statewide.
- There were fewer closures of Thompson Pass in winter of 2024-25 compared to winter 2023-24, though it continues to be a challenge for Alaska DOT&PF to keep a full workforce of operators and mechanics locally.



## Essential State Services in Valdez

- Funding for various state agency positions in Valdez was status quo in the FY 26 state operating budget.
- There are still delays with prosecution of local cases by the state and some challenges with staffing.

## Stable Public Retirement System (state)

- HB 78 [passed the House](#) and is currently in Senate Labor and Commerce.

## Fisheries, Mariculture and Natural Resources (state and federal)

- 2024 Prince William Sound Fisheries Economic Disaster – A request was submitted to U.S. Department of Commerce by Gov. Dunleavy under the Magnuson-Stevens Act in January 2025. Status is still listed as “pending” on [NOAA page](#).
- FY 26 ADF&G Commercial Fisheries Division budget was stable.
- Half of Alaska Seafood Marketing Institute funding was [vetoed by the governor](#) in 2025.
- Several Prince William Sound projects have benefited from the \$49 million Alaska Mariculture Cluster grant program funded by the U.S. Economic Development Administration and led by Southeast Conference. The project period for this grant expires September 30th, 2026.
- [Conversations around reauthorization](#) of the Magnuson-Stevens Fisheries Management Conservation Act and potential changes to the law continue at the federal level.

## Healthcare Access and Quality (federal)

- Providence Valdez has identified the following projects and programs that could be supported by the Rural Health Transformation Program: MRI & Ultrasound Replacement Project, Rural Training Hub Pilot Program, Home Health Pilot Program.
- Providence Valdez also supports Compacting Nursing Licensure to allow for reciprocity of professional licenses across states.

## Disaster Preparedness and Response (federal)

- Funding for the emergency radio communications tower project is currently in an appropriations bill being considered by the US Senate.
- Vessels of Opportunity (fishing vessels that play a vital part in oil spill response programs) remain exempt from USCG inspection is included in the current version of the National Defense Authorization Act (signed into law in Dec 2025).

**There were no specific or actionable advocacy goals for the following identified federal priorities: Arctic Policy, Climate Change and Environmental protection, Tribal Sovereignty and Self-determination.**