



May 13, 2026

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
House Finance Committee

Re: House Bill 138, Beh. Health Crisis Surcharge & Fund (version 34-LS0471\G)

Dear Co-Chairs Foster, Josephson, Schrage, and members of the House Finance Committee,

The Alaska Chamber (the Chamber) writes to express concerns with House Bill 138, an act establishing a behavioral health crisis services surcharge; establishing the behavioral health crisis services fund; and providing for an effective date.

The Alaska Chamber is the state's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and \$4.6 billion in wages.

While we strongly support improving access to behavioral health and crisis services for all Alaskans, we have serious concerns with the funding mechanism proposed in this legislation. HB 138 places the cost of a broad behavioral health system on telecommunications subscribers through a flat per-line surcharge. At \$0.98 per month per line, this would be the highest telecommunications surcharge in the nation by a significant margin. This approach is inherently regressive, disproportionately impacting seniors on fixed incomes, low-income households, small businesses, and rural Alaskans who already face higher costs of living.

The structure of the surcharge also unfairly shifts costs onto households and small employers while large organizations benefit from a 100-line cap. Families and small businesses would continue paying the surcharge on every line, while larger entities would have their exposure limited. In addition, increasing the cost of every telephone line risks further accelerating the decline of reliable landline service in Alaska, an especially troubling consequence in many rural and remote communities where dependable telecommunications access remains critical.

The bill expands the use of surcharge revenues beyond the core function of supporting 988 crisis communications, directing funds toward a broad range of behavioral health services. While these services are important, tying them to a telecommunications surcharge creates a disconnect between the funding source and the services provided. The broad allowable uses also raise legitimate concerns about federal compliance, as the proposal appears to extend beyond the purposes typically authorized under federal code for telecommunications-based surcharges.

We are also concerned that the legislation lacks a clear implementation and spending plan, including any structure to ensure equitable benefits for all Alaskans. Without clear transparency, oversight, and regional allocation standards, there is significant uncertainty about how funds will be distributed and whether rural communities paying into the system will see meaningful benefit.



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HB 138 would also impose substantial administrative and compliance burdens on telecommunications providers, including billing system changes, reporting requirements, audits, and customer communication obligations, without sufficient compensation to offset these costs. These requirements are especially challenging for small and rural providers. Further, the proposed July 1, 2026 effective date creates an unrealistic implementation timeline.

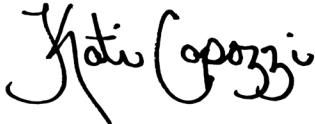
Telecommunications providers will need significant lead time to modify complex billing systems, educate consumers, and ensure compliance with the new requirements.

Alaska's business community supports strong behavioral health systems, but HB 138 creates an inequitable and inefficient funding structure that places undue burden on consumers, employers, and telecommunications providers.

We respectfully urge the Legislature to oppose this bill and instead pursue sustainable, transparent, and broadly supported funding solutions.

Thank you for your consideration of the Chamber's comments on this bill.

Sincerely,

A handwritten signature in black ink that reads "Kati Capozzi". The signature is written in a cursive, flowing style.

Kati Capozzi
President and CEO