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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 21, 2009

The Honorable Mike Chenault  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Chenault:

Today I am transmitting to you the FY2010 operating budget bill. As I indicated when I released the budget on December 15, 2008, this budget is consistent with the fiscal plan that has guided this administration and builds on our commitment to live within our means, save for the future, and control government spending.

When the budget was released on December 15, 2008, our revenue forecast indicated that we would have a FY2010 budget surplus of nearly \$390 million that would flow into the constitutional budget reserve fund at the end of the fiscal year based upon a per barrel oil price of \$74.41. We all know that oil prices currently are well below that price. We will continue to closely monitor oil price and production and will be providing updated revenue information for your consideration.

The good news is that Alaska has tools in place to address these challenges; fiscal discipline and prudent use of reserves to stabilize Alaska's economy, keep Alaskans employed, and industry moving. I look forward to working with the Legislature to finalize the operating budget for the upcoming fiscal year.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Palin". The signature is stylized with a large, sweeping initial "S" and a large, looped "P".

Sarah Palin  
Governor

Enclosure