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January 17, 2007

The Honorable Lyda Green  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Green:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill making appropriations for qualified regional seafood development associations; for investigation and litigation relating to the public employees' retirement system and the teachers' retirement system; and for a special advisory election.

This early supplemental appropriation is comprised of items that require timely approval by the Legislature. Other supplemental requests are currently being reviewed by my Office of Management and Budget, and will be submitted to the Legislature in a separate appropriation bill at a later date.

Section 1 of the bill would appropriate the amount of the seafood development tax collected under AS 43.76.350 - 43.76.399 in calendar year 2005 and deposited in the general fund under AS 43.76.380(d) to the Department of Commerce, Community, and Economic Development to provide financial assistance in Fiscal Year 2007 to qualified regional seafood development associations.

Section 2 of the bill would appropriate a total of \$12,000,000, of which about 69 percent would come from the public employees' retirement system fund and about 31 percent from the teachers' retirement system fund, for use in an investigation and proposed litigation related to actuarial services received by the State of Alaska. The investigation would conclude in Fiscal Year 2007, and the proposed litigation is contemplated to commence later in that fiscal year. The amount of the appropriations is the estimated costs to complete the investigation and take the case from inception through trial. The final actual costs may be more or less. Through the budget process, and on request, the Department of Law would provide reports regarding the status of the litigation and the expenditures from the appropriations.

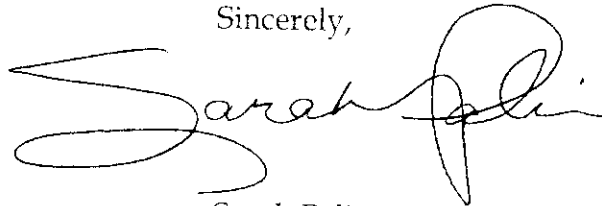
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The appropriations in sec. 2 of the bill would be entirely financed by a recent litigation settlement benefiting the public employees' retirement system fund and the teachers' retirement system fund. The Alaska Retirement Management Board recently settled its claim against Time Warner for securities fraud -- the proceeds for those funds from that litigation totaled \$15,600,000. The Alaska Retirement Management Board supports using \$12,000,000 of those proceeds to finance the investigation and proposed litigation for which the appropriations in this bill would be used.

Section 3 of the bill would appropriate \$1,156,300 from the general fund to the Office of the Governor, division of elections, for the costs associated with the April 3, 2007, special advisory election required by ch. 1, FSSLA 2006, on the subject of employment benefits for same-sex partners of public employees and retirees.

Because these items need Legislative approval in a timely manner, I urge your prompt and favorable action on this measure as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is written in a cursive style with a large, looping initial "S" and a distinct "P" at the end.

Sarah Palin  
Governor