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April 3, 2008

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

Dear President Green:

On this date I signed with line item vetoes the following bill passed by the second regular session of the Twenty-Fifth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HCS CSSB 256(FIN) am H

"An Act making supplemental appropriations, capital appropriations, reappropriations, and other appropriations; making an appropriation to the senior benefit payments program; amending certain appropriations; ratifying certain expenditures; making appropriations to capitalize funds; and providing for an effective date."

Chapter No. 11, SLA 2008

The budget goals for this administration have been very clear: to slow the growth of government, live within our means, and save for the future. The supplemental bill addresses unanticipated costs in the current fiscal year, provides funding for the senior benefits program enacted by the Legislature during the June 2007 special session, and makes significant deposits to savings. I appreciate the careful consideration and support from the Legislature of these requests.

This administration takes our fiscal responsibility seriously. Since we released our comprehensive budget plan in December, we have consistently advocated that the overall level of spending for FY2008 and FY2009 is a key element of a fiscal plan, in

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addition to savings, particularly in this time of surplus. Our budget plan identified an estimated supplemental budget and anticipated expenditures for both fiscal years.

Although I advocated to keep the vetoed projects out of the supplemental bill, our efforts were unsuccessful. I continue to believe that supplemental appropriations should be reserved for those items where extraordinary or unforeseen circumstances necessitate funding in the current year. My preference was to have the Legislature pursue a veto override if they felt the vetoed projects should continue as Fiscal Year 2008 capital items.

Given the inclusion of nearly \$70 million in vetoed projects, we focused our efforts on (1) ensuring we remain fiscally responsible with public dollars, and (2) commit to a reasonable approach that would consider the priorities of individual communities and neighborhoods as proposed by the Legislature. To meet these goals and reflect our effort to communicate, we attempted to meet with every legislator.

I can honestly say that I have sincerely appreciated the opportunity to meet with legislators over the past weeks to discuss the individual projects, the importance of these projects to individual communities, and the timing issues associated with these projects. My staff and I have listened and learned a great deal about the many needs across the state. The needs are great and vary dramatically from one community to another.

Senate Bill 256 as passed by the Legislature contained supplemental operating and capital appropriations and special appropriations for FY2008, totaling \$4.4 billion. Section 13 of the bill contains 223 items totaling \$69,977,623 of previously vetoed projects. As a result of information provided by legislators, I have placed each project into one of three categories. Those categories include items to be funded, items I will request be moved to the capital budget and items I have vetoed.

I am allowing 52 of the projects totaling \$12,366,556 to remain in the supplemental bill due to time constraints for ordering and receiving materials, projects that would lose access to other funds without state support, and school projects with a short construction season that need to be completed prior to school starting. I am moving 155 projects totaling \$35,361,067 from this legislation and requesting the House Finance Committee consider these projects as an amendment to the capital budget with a FY2008 effective date of April 13, 2008. This action is based on the information received from meetings with legislators recognizing that while these projects may not be as time-sensitive as others, they represent important community priorities. I have

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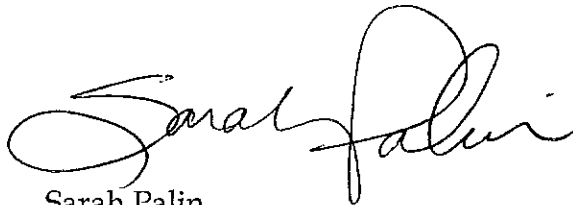
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vetoed 16 projects and reduced one project for a total of \$22,250,000. Some have already been completed, some that may be considered in a future budget, and some that will be coordinated within other state efforts.

I believe this approach represents a responsible plan based upon positive input from many legislators. Again, I appreciate the time legislators spent meeting and discussing their districts. I recognize the significant effort spent on this supplemental and I am now hopeful that we can focus our efforts in a cooperative manner to move Alaska forward.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin". The signature is written in a cursive, flowing style with a large loop at the end of the name.

Sarah Palin
Governor

Enclosure