

SARAH PALIN
GOVERNOR

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 21, 2009

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

Dear President Stevens:

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

CCS HB 81(BRF SUP MAJ PFLD H)

"An Act making appropriations for the operating and loan program expenses of state government, for certain programs, and to capitalize funds; making supplemental appropriations; making reappropriations; making appropriations under article IX, section 17(c), Constitution of the State of Alaska; and providing for an effective date."

Chapter No. 12, SLA 2009

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 operating budget presented for legislative consideration this past session was designed to meet these goals. I appreciate the careful consideration and support from the Legislature of this request.

HB 81, as passed by the Legislature this year, contained appropriations for FY2010 totaling \$8.2 billion, of which \$2.8 billion is general fund. The budget includes special appropriations for tax credits, revenue sharing, and direct deposits to the retirement system costs, and includes funding for public education, the university, public health and safety, transportation, resource development, and funding for state government programs, services, and grants.

The Honorable Gary Stevens

May 21, 2009

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The FY2010 operating and capital budgets I submitted to you were responsible, fiscally conservative budgets, particularly given the current revenue forecast and economic conditions. I appreciate that the Legislature shares the administration's concern about the size and growth of the budget and that you made few changes to our request.

Through line-item vetoes, I have reduced the appropriations in HB 81 by \$36.1 million, including deleting fiscal notes for two pieces of legislation that did not pass this session and reducing the amount of the transfer from the oil and gas tax credit fund to the general fund in order to leave sufficient balance in the fund to pay the FY2009 production tax credits. The enclosed spreadsheet contains a summary of the vetoed appropriations including the page and line number, fund source, and the reason for the veto.

Direct payment of the production tax credits to explorers and new producers is an important component of the ACES production tax. Timely payments are essential for a stable tax structure. The balance of the oil and gas tax credit fund is approximately \$520 million and the Department of Revenue estimates there will be \$105 million in outstanding reimbursements due in FY2009, which leaves \$415 million available for transfer to the general fund at the end of the fiscal year. I have reduced the transfer from \$450 million to \$415 million to make sure there are sufficient funds to make timely payments.

The reductions we have achieved in the FY2009 and FY2010 operating budgets will be continued in our efforts to slow the growth of government in the FY2011 budget. I appreciate your support in crafting responsible budgets for the state of Alaska.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Palin". The signature is fluid and cursive, with a large loop at the end.

Sarah Palin
Governor

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JUNEAU

May 21, 2009

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

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Sarah Palin
Governor

CCS HB 81(b)rf sup maj p/ld H)
 Operating Budget Decisions
 CH. 12, SLA 2009

Action	Dept	Sec No.	Bill Page	Bill Line	Title	Reason	Amount Pre-Veto	Vetted Amounts by Fund Source					Balance Remaining
								General Funds	GF Match	Federal Funds	Other Funds	Total Vetted	
Veto	Commerce	2	46	14	HB 20 Fisheries Loans: Energy Efficiency/ Amount Fiscal Note	Bill did not pass	90.3				(90.3)	(90.3)	0.0
Veto	Revenue	2	46	22	HB 161 Juneau Subport Bidg/ AHFC Bidg Fiscal Note	Bill did not pass	1,026.0	(626.0)			(400.0)	(1,026.0)	0.0
Partial Veto	Fund Transfers					Reduce to amount needed	450,000.0	(35,000.0)				(35,000.0)	415,000.0
Veto Total		21	81	8	Oil and Gas Tax Credits		451,116.3	(35,626.0)	0.0	0.0	(490.3)	(36,116.3)	415,000.0