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Governor Bill Walker
STATE OF ALASKA

January 17, 2017

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

Dear President Kelly:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's capital budget for Fiscal Year (FY) 2018.

The proposed capital bill totals \$1.4 billion, of which \$1.2 billion will be supported by federal funds, and \$106.1 million with unrestricted general funds. The budget meets minimum capital funding needs including housing support and matching funds for transportation, water, and sewer.

The largest component of the capital budget is the State's transportation program, totaling \$1.2 billion, including \$22 million of savings from the vessel replacement fund to match \$222.0 million in federal receipts to replace the Alaska Marine Highway System's oldest vessel, the *M/V Tustumena*. Outside of the transportation program, this budget includes only minimal matching funds for energy, sewer, and water projects, limited deferred maintenance, mostly through re-appropriations, and limited named recipient's grants, including the Alaska Travel Industry Association for tourism marketing. Without a full fiscal plan, the capital budget will remain unsustainably low, running the risk of allowing our public assets such as schools, ports, and roads to deteriorate.

My administration looks forward to working with the Legislature to finalize a capital budget and is interested in collectively looking at a disciplined approach to using General Obligation Bonds for existing capital requirements.

Thank you for your consideration of this bill.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker
Governor

Enclosure

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Governor Bill Walker
STATE OF ALASKA

January 17, 2017

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

Dear Speaker Edgmon:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the State's capital budget for Fiscal Year (FY) 2018.

The proposed capital bill totals \$1.4 billion, of which \$1.2 billion will be supported by federal funds, and \$106.1 million with unrestricted general funds. The budget meets minimum capital funding needs including housing support and matching funds for transportation, water, and sewer.

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Bill Walker
Governor

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