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Governor Bill Walker
STATE OF ALASKA

June 30, 2017

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

Dear President Kelly:

On this date, I have signed the following bill passed during the second special session of the Thirtieth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

CCS HB 57

“An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; repealing appropriations; making supplemental appropriations and reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date.”

Chapter 1, SSSLA 2017

The State of Alaska finds itself at a critical juncture. Unrestricted general fund revenue has fallen significantly over the past three years, and even under optimistic assumptions, neither oil prices nor production are expected to increase sufficiently to make up for these large revenue shortfalls in the near term. Projected FY2018 unrestricted general fund revenue is \$1.9 billion, which is \$7.6 billion and 80 percent less than in FY2012, and as a result a significant savings draw is still needed even after substantial reductions to the budget. The balance of the Constitutional Budget Reserve is projected to be just \$2 billion by the end of FY2018, representing a drawdown of over \$14 billion since FY2014 of our primary savings account. In short, there will be insufficient savings to fund the FY2019 budget.

I'm encouraged to see many priorities such as funding for K-12 education and State Troopers included in the budget, and I remain optimistic that the Legislature will act on revenue measures such as Permanent Fund restructuring, broad-based taxes, oil and gas tax credit reform, and motor fuels taxes. As a result, I have not utilized my line item veto power on this piece of legislation. Without additional fiscal plan elements, the uncertainty for Alaskans continues.

The Honorable Pete Kelly

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June 30, 2017

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My administration remains committed to providing any assistance necessary to enact a long-term, sustainable fiscal plan that is balanced and fair. Our savings will not last much longer and our bond rating is falling. All Alaskans embrace a vision for the State that provides government services to needy Alaskans, maintains infrastructure, educates our children, and creates an environment where businesses want to invest and grow the economy.

I urge you to pass appropriate revenue measures to give Alaskans and investors greater certainty and confidence in Alaska's future.

Sincerely,



Bill Walker

Governor

Enclosure



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Governor Bill Walker
STATE OF ALASKA

June 30, 2017

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

Dear Speaker Edgmon:

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The Honorable Bryce Edgmon

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Sincerely,



Bill Walker

Governor

Enclosure