

STATE CAPITOL  
P.O. Box 110001  
Juneau, AK 99811-0001  
907-465-3500



550 West Seventh Avenue, Suite 1700  
Anchorage, AK 99501  
907-269-7450

Governor Michael J. Dunleavy  
STATE OF ALASKA

July 8, 2019

The Honorable Cathy Giessel  
Senate President  
Alaska State Legislature  
State Capitol Room 111  
Juneau, AK 99801-1182

Dear President Giessel:

On this date I signed, with line-item vetoes, the following bill passed by the First Special Session of the Thirty-First Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

**House Committee Substitute for Committee Substitute Sponsor Substitute for  
Senate Bill 19(FIN) Amended House (Budget Reserve Fund Super Majority Failed House)**

“An Act making appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; amending appropriations; making appropriations to capitalize funds; and providing for an effective date.”

Chapter No. 3, FSSLA 2019

Senate Bill 19, as passed by the legislature, contained operating and capital appropriations for Fiscal Year 2020, totaling \$1.242 billion. The capital budget totals \$1.202 billion, including \$58.4 million in general funds. Through line-item vetoes, I have reduced the operating and capital appropriations in SB 19 by \$10.6 million.

Unfortunately, the capital budget I received back from the legislature lacked the support needed to fully fund projects and programs critical to the development of Alaska. I look forward to a swift resolution on the 2019 Permanent Fund Dividend, so the legislature can quickly move on to fully funding a capital budget to support jobs and families across Alaska, and ensure Federal funds are not forfeited and critical road, infrastructure, and life, health, safety projects receive funding. Attached you will find the report detailing my line-item vetoes.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Dunleavy".

Michael J. Dunleavy  
Governor

Enclosure

cc: Ms. Donna Arduin, Director, Office of Management and Budget  
Ms. Suzanne Cunningham, Legislative Director, Office of the Governor  
Mr. David Teal, Director, Legislative Finance Division  
Ms. Liz Clark, Senate Secretary, Alaska State Senate  
Ms. Crystaline Jones, Chief Clerk, Alaska House of Representatives

**Office of Management and Budget**  
SB19 Capital Bill  
Veto Summary

ITEM	Section	Page	Line	Item	Budget	Department	Year	Total Amount	UGF	DGF	Other	FED	Action	Comments
1	1	2	19	Alaska Industrial Development and Export Authority - Interior Gas Utility Gas Storage Tanks	Capital	DCCED	FY2020	(4,000,000.00)	-	-	(4,000,000.00)	-	Veto	The State's fiscal reality dictates a reduction in expenditures across all agencies.
2	1	2	29	Marine Exchange of Alaska - Alaska Vessel Tracking System Upgrades and Expansion	Capital	DCCED	FY2020	(400,000.00)	-	-	(400,000.00)	-	Veto	The State's fiscal reality dictates a reduction in expenditures across all agencies.
3	1	7	14	Decommissioning and Remediation of Class V Injection Wells	Capital	DOTPF	FY2020	(2,200,000.00)	-	(2,200,000.00)			Veto	Inappropriate use of the Oil & Hazardous Response Fund.
4	13c	25	4	Reappropriate \$200K from Exxon Valdez oil spill fund for payment as a grant for Prince William Sound Science Center for planning/construction of facility	Capital	DCCED	FY2019 Supplemental	-					Veto	Funding for projects that are complete should lapse and new capital projects should be established.
5	13d	25	11	Appropriate AIDEA receipts for Northwest Arctic Borough for school construction and major maintenance	Capital	DCCED	FY2020	(4,000,000.00)			(4,000,000.00)		Veto	School Districts should work with the Department of Education & Early Development to be included on the School Construction and Major Maintenance prioritization list.
6	15b	26	17	Proceeds from sale of Department of Education & Early Development state-owned land in Sitka to Mt. Edgecumbe boarding school	Operating	DEED/Mt. Edgecumbe Boarding School	FY2020	-					Veto	These funds are not necessary for the FY2020 DEED budget. Additionally, future year dedication of revenue is unconstitutional.
7	16	26	22	Reappropriate \$34.6K from Department of Military and Veterans' Affairs Alaska Military Youth Academy Deferred Maintenance to Flattop Mountain Trail	Capital	DNR	FY2019 Supplemental	-					Veto	Funding for projects that are complete should lapse to the general fund and new capital projects should be established.
8	18a	27	29	Proceeds from sale of Alaska marine highway system assets to the Alaska marine highway system vessel replacement fund.	Operating	DOTPF/Marine Vessel Operations	FY2020	-					Veto	These funds are not necessary for the FY2020 AMHS budget. Additionally, future year dedication of revenue is unconstitutional.
9	18b	28	2	Reappropriate \$1.6M to harbor facility grant fund.	Capital	DOTPF	FY2019 Supplemental	-					Veto	Funding for projects that are complete should lapse and new capital projects should be established.
10	23	29	8	House Districts 35-36: Scope change Ketchikan Gateway Borough	Capital		FY2019 Supplemental	-					Veto	Significant deviation from the initial project, a new capital project should be established.
11	26	31	8	Alaska Housing Capital Corporation: Reappropriate \$9.3M from Operating to the Alaska Housing Capital Corporation account.	Operating / Capital	Fund Transfers	FY2019 Supplemental	-			(8,400,000.00)	-	Veto	Funding for projects that are complete should lapse to the general fund.
								<b>(10,600,000.00)</b>	<b>-</b>	<b>(2,200,000.00)</b>	<b>(8,400,000.00)</b>	<b>-</b>		

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Governor Michael J. Dunleavy  
STATE OF ALASKA

July 8, 2019

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

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