

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

April 6, 2020

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

Dear President Giessel:

On this date, I have signed, with line-item vetoes, the following bill passed during the second 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:

CCS HB 205

“An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making capital appropriations, supplemental appropriations, and reappropriations; making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; 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 No. 8, SLA 2020

This budget, with vetoes, maintains a balance in the constitutional budget reserve, takes advantage of Federal funds for COVID-19 response and stabilization, and maintains spending across various programs and components at a level consistent with FY2020. My priorities, as identified in this budget, continue to be public safety, economic development, and holding and reducing spending while preserving a balance in our traditional savings accounts. With this in mind, my administration worked to make a number of difficult, but necessary, decisions. This budget was thoroughly evaluated, and my policies were applied consistently across the board.

The Honorable Cathy Giessel
April 6, 2020
Page 2 of 2

House Bill (HB) 205 as passed by the Legislature, added \$314 million to the FY2021 operating budget, which represents an unsustainable, and in many cases, unnecessary level of spending. Through line-item vetoes to HB 205, I have reduced spending by \$209 million in Unrestricted General funds (UGF). With these vetoes, the FY2021 operating and mental health budget, including previously enacted legislation, is \$4,517,300,000 UGF, \$905,900,000 Designated General funds (DGF), \$748,400,000 Other State funds, and \$3,855,500,000 Federal funds. Attached is a report that details the line-item vetoes.

The line-item vetoes in this bill include: reduction of debt payments on behalf of other entities, which are not a core function of the State; elimination of commitments of future-year revenues in the Alaska Marine Highway System; reduction in funding to the University of Alaska as agreed to in the 2019 compact between the University of Alaska Board of Regents and the Office of the Governor; and elimination of State general funds for COVID-19 response, which will instead be funded utilizing Federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. My administration also identified critical items in HB 205 to retain including: funds for sexual assault response teams with the Alaska State Troopers, funding for substance abuse treatment, and funding for the Department of Environmental Conservation to monitor cruise ship discharge activities through ambient water testing.

Finally, this bill funds an estimated \$1,000 Permanent Fund Dividend. Any amount short of the full statutory dividend is a tax on Alaskans. I will continue to call on the Legislature to follow the law and utilize the statutory calculation for the Permanent Fund Dividend.

I remain committed to working with Alaskans and the Legislature to address State spending so we can eliminate our deficit over time. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

Sincerely,



Mike Dunleavy
Governor

Enclosure

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

April 6, 2020

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

Dear Speaker Edgmon:

On this date, I have signed, with line-item vetoes, the following bill passed during the second 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:

CCS HB 205

“An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; making capital appropriations, supplemental appropriations, and reappropriations; making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; 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 No. 8, SLA 2020

This budget, with vetoes, maintains a balance in the constitutional budget reserve, takes advantage of Federal funds for COVID-19 response and stabilization, and maintains spending across various programs and components at a level consistent with FY2020. My priorities, as identified in this budget, continue to be public safety, economic development, and holding and reducing spending while preserving a balance in our traditional savings accounts. With this in mind, my administration worked to make a number of difficult, but necessary, decisions. This budget was thoroughly evaluated, and my policies were applied consistently across the board.

The Honorable Bryce Edgmon

April 6, 2020

Page 2 of 2

House Bill (HB) 205 as passed by the Legislature, added \$314 million to the FY2021 operating budget, which represents an unsustainable, and in many cases, unnecessary level of spending. Through line-item vetoes to HB 205, I have reduced spending by \$209 million in Unrestricted General funds (UGF). With these vetoes, the FY2021 operating and mental health budget, including previously enacted legislation, is \$4,517,300,000 UGF, \$905,900,000 Designated General funds (DGF), \$748,400,000 Other State funds, and \$3,855,500,000 Federal funds. Attached is a report that details the line-item vetoes.

The line-item vetoes in this bill include: reduction of debt payments on behalf of other entities, which are not a core function of the State; elimination of commitments of future-year revenues in the Alaska Marine Highway System; reduction in funding to the University of Alaska as agreed to in the 2019 compact between the University of Alaska Board of Regents and the Office of the Governor; and elimination of State general funds for COVID-19 response, which will instead be funded utilizing Federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. My administration also identified critical items in HB 205 to retain including: funds for sexual assault response teams with the Alaska State Troopers, funding for substance abuse treatment, and funding for the Department of Environmental Conservation to monitor cruise ship discharge activities through ambient water testing.

Finally, this bill funds an estimated \$1,000 Permanent Fund Dividend. Any amount short of the full statutory dividend is a tax on Alaskans. I will continue to call on the Legislature to follow the law and utilize the statutory calculation for the Permanent Fund Dividend.

I remain committed to working with Alaskans and the Legislature to address State spending so we can eliminate our deficit over time. It is critical that we get our fiscal house in order and provide a secure and stable future for Alaskans.

Sincerely,



Mike Dunleavy

Governor

Enclosure