

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

Governor Mike Dunleavy  
STATE OF ALASKA

June 30, 2021

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

Dear President Micciche:

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

CCS HB 69(brf sup maj fld H/S)

“An Act making appropriations for the operating and loan program expenses of state government and for certain program; capitalizing fund; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date.”

Chapter No. 1, SSLA 2021

This budget, with vetoes, provides necessary funding for the current fiscal year to address the needs of Alaskans. The vetoes made were the result of thorough evaluation and consistent application of my administration's priorities.

The line-item vetoes include the appropriation made for the issuance of a Permanent Fund Dividend. Divided between multiple funding sources, one of which failed to be adopted, the appropriation is neither consistent with current statute nor compatible with a single legislative or executive proposal regarding the appropriation of the Permanent Fund's Earnings Reserve. In Fiscal Year 2017, the Permanent Fund Dividend was first reduced, ad hoc, reducing the distribution to Alaskans. Fiscal Year 2018 was the last year the Earnings Reserve was used to exclusively fund a dividend and to inflation proof the Permanent Fund. The appropriation from the Earnings Reserve for dividends in this budget equates to roughly 12 percent of the amount

The Honorable Peter Micciche

June 30, 2021

Page 2 of 2

distributed from the fund this year; the remaining 88 percent of the Earnings Reserve draw would go to government operations. That is an unacceptable appropriation for the people of Alaska, and I will not authorize a dividend that is the result of an arbitrary determination in the Legislature, especially when there are serious proposals to durably resolve this longstanding issue.

One of my line-item vetoes is for the amount that lawmakers would normally expect to receive in per diem for FY 2022.

Other line-item vetoes include those made to appropriations that increase budgetary components in several agencies and statewide items. This budget, along with other vehicles, has and will continue to transfer billions of federal dollars to local communities, schools, tribes, non-profits, and healthcare providers. It is prudent to conserve the Unrestricted General Fund (UGF) dollars from growing the state's operating footprint.

Several line-item vetoes were the result of decisions to change the funding sources for those appropriations. In particular, several proposed capital projects originated as part of a general obligation bond package. If passed by the Legislature and affirmed in a public vote, the cost of financing the debt for those projects would have been a fraction of attempting to fund them with general funds. Several other proposals were introduced and passed with a federal funding source. Many of those projects have merit, which was why they were introduced by my administration. However, the appropriations for those projects, including trails, buildings, and harbors, were passed with an UGF source. That change represents an unsustainable call on the treasury and is unacceptable when there are less expensive funding alternatives. It is my hope the Legislature will come back to the table and work on a project bonding package in the best interest of all Alaskans.

With these line-item vetoes, the State of Alaska still maintains essential government services, continues strategic investments in education, public safety and transportation, and instills budgetary discipline at a time when federal funding is at historic heights. This budget also, after line-item vetoes, represents the largest capital budget since Fiscal Year 2015.

I am confident the Executive Branch has adequate resources with the inclusion of funds maintained in HB 69 to cover the expenses currently anticipated in Fiscal Year 2022.

Sincerely,



Mike Dunleavy  
Governor

Enclosure

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Governor Mike Dunleavy  
STATE OF ALASKA

June 30, 2021

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

Dear Speaker Stutes:

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The Honorable Louise Stutes

June 30, 2021

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Sincerely,



Mike Dunleavy  
Governor

Enclosure