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Governor Mike Dunleavy STATE OF ALASKA

April 4, 2022

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

Dear Speaker Stutes:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to appropriations for capital and operating needs for fiscal year 2023, and supplemental appropriations for fiscal year 2022, related to federal funding coming to the State from the Infrastructure Investments and Jobs Act (IIJA).

The federal investments made in IIJA will begin flowing to the State in 2022 and will continue over the next five years. It is estimated that 60 percent of the funding contained in the IIJA will be allocated to federal agencies and non-federal partners by formula, the remaining 40 percent is expected to be competitively awarded.

This appropriation bill allows state agencies to access \$868 million in federal funds and includes appropriations of \$79.5 million in state funds.

IIJA created new funding opportunities for infrastructure critical to Alaska, as well as enhancing existing federal programs for five federal fiscal years. The required match is \$58.8 million of state funds for these new and reformed programs that total \$560.2 million in new federal funds for Alaska's surface transportation program, the Department of Environmental Conservation's Water and Wastewater Programs, and the Department of Military and Veterans Affairs' program for state and local cybersecurity grants.

The remaining \$21.5 million of state funds augment federal investments in key areas important to the State, and funds infrastructure coordination and planning to ensure the State of Alaska is well positioned to maximize the programs and opportunities contained in the bill. Many of those opportunities are targeted to non-state entities including local governments, tribes, non-profits, education institutions, utilities and even commercial industry partners. This bill contains \$3 million in state support to the Alaska Federation of Natives (AFN) and the Alaska Municipal League (AML) to assist non-state entities with IIJA assistance and coordination.

The Honorable Louise Stutes

April 4, 2022

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Our State has a unique opportunity to lead the nation for developing clean hydrogen and developing carbon capture technology infrastructure, which have the potential to create new multi-billion dollar economies within Alaska. The development of critical minerals through the University of Alaska and mapping through the Department of Natural Resources is a pivotal tool for the United States to source its renewable components in Alaska and not totalitarian regimes. Alaska is the greatest outlier in the country when it comes to electric grid modernization and expansion, and stands to gain from connecting homes, villages, towns, and cities through cutting edge infrastructure methods. Each of these objectives can access billions of dollars in federal funds, creating new private-sector jobs across the state while lowering the cost of energy and ensuring more reliability and stability.

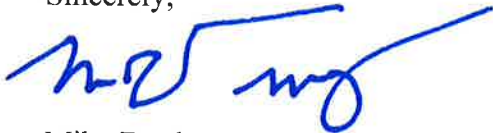
This bill accesses \$37 million in federal weatherization grants to be administered by the Alaska Housing Finance Corporation. Additionally, the Department of Health and Social Services would receive \$314 thousand in funds for the Alaska Low Income Home Energy Assistance Program. The Alaska Department of Fish and Game would also, through this bill, leverage \$6 million in designated general funds for \$18 million federal wildlife and sport fish restoration dollars.

The collaboration with AFN through its navigator program in 2021 was a successful joint effort with the State of Alaska to access Coronavirus response funding for tribes, village corporations, and other Alaska Native groups. To expand upon that, this bill requests \$2.5 million in state general funds to AFN to enhance the scope of its navigator program and facilitate information exchanges with Alaska Native organizations on federal infrastructure dollars.

Finally, this bill request \$5 million in state general funds to stand up a State of Alaska Infrastructure Office. Because IIA will be valid for five federal fiscal years, and much of the federal funding will be directed outside the State's appropriation process, the ability to coordinate with all recipients within Alaska will be critical to ensuring success without duplication of effort.

I look forward to working with the Legislature on the timely passage and implementation of these appropriations.

Sincerely,



Mike Dunleavy
Governor

Enclosure

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Governor Mike Dunleavy STATE OF ALASKA

April 4, 2022

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

Dear President Micciche:

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The Honorable Peter Micciche

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Sincerely,



Mike Dunleavy
Governor

Enclosure