

SARAH PALIN  
GOVERNOR

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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
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May 21, 2009

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

Dear President Stevens:

On this date I signed with line-item vetoes the following bill passed by the first regular session of the Twenty-Sixth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

SCS CSHB 199(FIN)

"An Act making appropriations, including supplemental appropriations and capital appropriations; amending appropriations; and providing for an effective date."

Chapter No. 17, SLA 2009

This legislation appropriates federal economic stimulus funds made available to Alaska by the American Recovery and Reinvestment Act (ARRA) of 2009. I have repeatedly expressed concern about accepting economic stimulus funds to temporarily increase programs. This will raise expectations for state general fund dollars to fill the looming funding gap in order to avoid layoffs and a drop in services when the economic stimulus funds are gone.

Nevertheless, the Legislature has been clear in its intent to accept economic stimulus funds with passage of two legislative resolutions supporting receipt of the funds, HJR11 and HCR13, and subsequent appropriation bills, including HB 199.

While acknowledging the Legislature's resolution to accept these funds, I will work to make sure that government does not grow rapidly, but instead that people are put to work and Alaska's private-sector economy expands.

House Bill 199 as passed by the Legislature totals \$527.3 million and contains \$295 million in capital appropriations and \$232.3 million in operating appropriations. Through line-item vetoes, I have reduced the appropriations in HB 199 by \$32.2 million.

The Honorable Gary Stevens

May 21, 2009

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As I previously announced, the largest item vetoed is \$28.6 million in federal economic stimulus funding related to energy building codes. Several conditions for receipt of grant funds are set out in section 410 of the economic stimulus bill. One of these conditions requires me to:

“notify the Secretary of Energy in writing... that... each of the following will occur:... The State, **or the applicable units of local government that have authority to adopt building codes, will implement...** A building energy code for residential buildings ... A building energy code for commercial buildings **throughout the State...** A plan for achieving compliance... Such plan shall include active training and enforcement programs...”

In Alaska, “units of local government that have authority to adopt building codes” includes organized boroughs, unified home rule municipalities, and incorporated cities, including 114 second class cities. The Department of Energy’s Official Guidance, issued March 12, 2009, confirmed all the requirements of Section 410 must be met in order to receive a grant. (p.8, p.25-26, p.29, p.51)

While I have received a statement from the Department of Energy admitting the Section 410 requirements are “not appropriate,” along with an offer to consider acceptance of a less onerous guarantee, I cannot agree to coerce or entice Alaskan communities to adopt universal building codes. Alaskans and our communities have a long history of independence and opposition to many mandates from Washington, D.C. This principle is so strong, it is expressly written into our Constitution (Article X, Section 1). The question of whether to adopt building codes should continue to be determined by local governments free of any pressure.

We are making progress in reducing energy costs. The FY2010 capital and operating budgets include \$25.5 million for Alaska Energy Authority energy projects, \$25 million for renewable energy, \$38 million for power cost equalization, and \$26.4 million for heating assistance. And considering significant investments in FY2009 including \$260 million for weatherization, \$100 million for home energy rebates, and \$100 million for renewable energy projects, and the economic stimulus funds for weatherization and energy efficiency block grants which I have approved, my commitment is clear.

I have also reduced duplicate authorization for electronic health records by \$1.4 million as this funding is also included in the capital budget, SB 75. Also, \$2 million in authorization is deleted for prevention and wellness programs as the potential amount available through competitive grants is unknown at this time. Any funds received will

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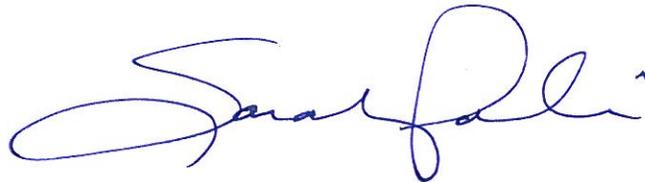
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be considered through the Legislative Budget and Audit Committee or supplemental requests during the next session.

Finally, I have deleted \$200,000 in general funds authorizing two new positions related to reporting and tracking of federal economic stimulus funds. State agencies, working with the Office of Management and Budget and the Department of Administration, will be asked to devote existing resources to meet the requirements for receiving and expending these funds, including the additional reporting requirements, without growing government. The enclosed spreadsheet contains a summary of the vetoed appropriations including the page and line number, fund source, and the reason for the veto.

I appreciate the work of the Legislature in evaluating the federal economic stimulus package and also the public for participating in the process. Now that the Legislature has accepted these stimulus dollars, the administration will make the appropriate applications for funding. As we move forward, we must continue to exercise fiscal responsibility and prudent planning to develop our resources and build a stronger Alaska.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sarah Palin", with a stylized flourish at the end.

Sarah Palin  
Governor

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GOVERNOR  
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Speaker of the House  
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Sincerely,

A handwritten signature in blue ink that reads "Sarah Palin". The signature is fluid and cursive, with a large initial "S" and a distinct "P" for "Palin".

Sarah Palin  
Governor

**SCS CS HB 199(FIN)**  
**Non-DOT Economic Stimulus Budget Decisions**  
**CH 17, SLA 2009**

Action	Dept	Sec. No.	Bill Page	Bill Line	Fiscal Year	Title	Reason	Amount Pre-Veto	Vetoed Amounts by Fund Source				Total Vetoed	Balance Remaining
									General Funds	GF Match	Federal Funds	Other Funds		
Partial Veto	Health & Social Services	1	3	10	2009	Medical Assistance Administration Records	Duplicate Authorization	2,040.0			(1,400.0)		(1,400.0)	640.0
Veto	Health & Social Services	1	3	19	2009	Chronic Disease Prevention	Competitive grants - Potential amount of funds available is unknown	2,000.0			(2,000.0)		(2,000.0)	0.0
Veto	Revenue	7	12	28	2009	AHFC State Energy Program	The decision whether or not to adopt energy building codes is best determined by local governments.	28,563.0			(28,563.0)		(28,563.0)	0.0
Veto	Administration	11	17	19	2010	Division of Finance for accounting and reporting requirements of P.L. 111-5 (American Recovery and Reinvestment Act of 2009)	Fund within existing budget	200.0		(200.0)			(200.0)	0.0
<b>Veto Total</b>								<b>32,803.0</b>	<b>0.0</b>	<b>(200.0)</b>	<b>(31,963.0)</b>	<b>0.0</b>	<b>(32,163.0)</b>	<b>640.0</b>