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Governor Sean Parnell
STATE OF ALASKA

June 29, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801

Dear Speaker Chenault,

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

CCS HB 108

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

Chapter No. 3, FSSLA 2011

The budget I presented to the Legislature limited the growth in the State operating budget while preserving the programs and services important to Alaskans. I appreciate the careful consideration and support from the Legislature of this request.

House Bill 108, as passed by the Legislature, contained appropriations for Fiscal Year 2011 and Fiscal Year 2012 totaling \$11.8 billion, of which \$7.8 billion is general fund. The budget includes special appropriations for tax credits, revenue sharing, and direct deposits to the retirement system costs, and includes funding for public education, the university, public health and safety, transportation, resource development, and funding for State government programs, services, and grants.

In addition, HB 108 includes savings and special appropriations of \$3.5 billion, including \$1.1 billion to forward fund K-12 education in FY 2013, and \$929 million for inflation proofing of Alaska's Permanent Fund. \$479.5 million is appropriated for the retirement system unfunded liability and \$526 million for permanent fund dividends.

Through line-item vetoes, I have reduced the appropriations in HB 108 by \$12.1 million. This reduction in debt service costs results from the \$199 million in debt buy-down for previously approved debt and lease financing.

The Honorable Mike Chenault

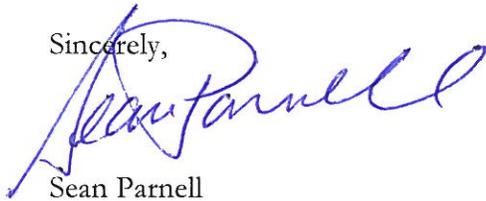
June 29, 2011

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Please note that HB 108, Section 13(g), relating to funding for tourism marketing, is repealed in Section 54 of Senate Bill 46 and replaced with \$12 million in SB 46, Section 13.

The enclosed spreadsheet contains a summary of the vetoed appropriations including the appropriation cite, fund source, and the reason for the veto.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean Parnell", is written over the word "Sincerely,".

Sean Parnell
Governor

Enclosure

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Governor Sean Parnell
STATE OF ALASKA

June 29, 2011

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

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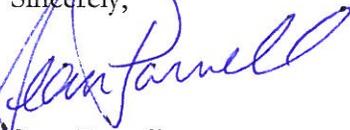
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