The following pages show the Governor's line item vetoes and reductions. To view the complete text before the changes, click on the enrolled version.
June 28, 2016

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

Dear President Meyer:

On this date, I have signed, with line item vetoes, the following bill passed by the Fourth Special Session of the Twenty-Ninth Alaska State Legislature and am transmitting the engrossed and enrolled copies to the Office of the Lieutenant Governor for permanent filing:

HCS CSSB 138(FIN) AM H(BRF SUP MAJ FLD H)

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

Chapter 2, 4SSL A 2016
[Effective Date: See Chapter]

As passed by the Legislature, the bill contains capital appropriations, supplemental appropriations, reappropriations, and other appropriations for fiscal years 2016 and 2017, totaling $1.67 billion, including $171.6 million in unrestricted general funds and $59 million in designated general funds. The bill prioritizes funding for projects that leverage federal and local dollars, energy and housing, maintenance, legal obligations, and critical school replacement. In this difficult fiscal time, any spending must be taken in the context of the fiscal deficit and remaining savings. I commend the Legislature for limiting capital appropriations; however, given our significant fiscal restraints, I have made the following changes to the bill through line item veto:

Section 1, page 5, line 33, is an appropriation to the Department of Natural Resources for a Snowmobile Trail Development Program of $250,000. These funds are collected by the Alaska Division of Motor Vehicles through snowmobile registration fees and should stay in the general fund to preserve state savings.

Section 1, page 6, line 33, is an appropriation to the Department of Revenue, Alaska Housing Finance Corporation (AHFC) for Supplemental Housing Development of $3,000,000. This project has been reduced by $750,000 to preserve state savings.
The Honorable Kevin Meyer  
HCS CSSB 138(FIN) AM H(BRF SUP MAJ FLD H)  
June 28, 2016  
Page 2

Section 26(b), page 42, line 31, is a reappropriation of the unexpended and unobligated balances, not to exceed $6,600,000 from the AHFC Home Energy Rebate Program to the AHFC Weatherization Program. This reappropriation has been reduced by $1,650,000 to preserve state savings. Further, the AHFC is in the process of discontinuing the Home Energy Rebate Program and these funds will be returned to the state’s savings account.

Section 31, page 48, lines 25 – 29, proposes to reappropriate the unexpended and unobligated balance, estimated to be $18,852,256, of the appropriation made in Sec. 1, Ch. 16, SLA 2013, page 12, lines 20 – 25 (Anchorage, U-Med district northern access – $20,000,000) to the University of Alaska for the design and construction of the U-Med district northern access project. This transportation project falls outside of the Department of Transportation and Public Facilities’ federal Surface Transportation Program which receives 91 percent federal match for state projects. This project will be suspended to preserve the estimated general fund balance.

In regard to the appropriation to purchase the Wells Fargo building for the Anchorage Legislative Information Office, I will respect the Legislature’s appropriation authority and space needs. Although I did not veto the funding, I challenge the Legislature to consider the state’s fiscal situation before buying a new building.

While these vetoes do not come close to solving our deficit, they are a necessary step in the process of preserving savings until appropriate revenue measures are available to provide a sustainable balanced budget.

Sincerely,

Bill Walker  
Governor

Enclosure
AUTHENTICATION

The following officers of the Legislature certify that the attached enrolled bill, HCS CSSB 138(FIN) am H(brf sup majfld II), consisting of 50 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the Senate May 31, 2016

[Signature]
Kevin Meyer, President of the Senate

ATTEST:

[Signature]
Liz Clark, Secretary of the Senate

Passed by the House May 31, 2016

[Signature]
Mike Chenault, Speaker of the House

ATTEST:

[Signature]
Crystalline Jones, Chief Clerk of the House

Approved by the Governor June 28, 2016

[Signature]
Bill Walker, Governor of Alaska
<table>
<thead>
<tr>
<th>Completion (HD 1-40)</th>
<th>Appropriation Items</th>
<th>General Funds</th>
<th>Other Funds</th>
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<tr>
<td>Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment (HD 1-40)</td>
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**Department of Military and Veterans Affairs**

| National Guard Counterdrug Support (HD 1-40) | 100,000 | 100,000 | |
| State Homeland Security Grant Programs (HD 1-40) | 4,500,000 | 4,500,000 | |

**Department of Natural Resources**

<p>| Abandoned Mine Lands Reclamation (Federal Program (HD 1-40)) | 3,200,000 | 3,200,000 | |
| Airborne Geophysical Data Collection (HD 1-40) | 500,000 | 500,000 | |
| EVOS Trustee Council Purchase of Conservation Easements at Termination Point and Long Island (HD 32) | 11,680,000 | 11,680,000 | |
| Federal and Local Government Funded Forest Resource and Fire Program Receipts (HD 1-40) | 1,800,000 | 1,800,000 | |
| Geologic Mapping for Mineral Potential (HD 1-40) | 200,000 | 200,000 | |
| National Historic Preservation Fund (HD 1-40) | 800,000 | 150,000 | 650,000 |
| National Recreational Trails Federal Grant Program (HD 1-40) | 1,700,000 | 200,000 | 1,500,000 |
| Snowmobile Trail Development Program | 250,000 | 250,000 | |</p>
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<th>Appropriation Allocations</th>
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<td>Marine Fisheries Patrol Improvements (HD 1-40)</td>
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<td>NSTAR Re-platforming Project (HD 1-40)</td>
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<td><strong>Alaska Housing Finance Corporation</strong></td>
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<td>AHFC Cold Climate Housing Research Center (CCHRC) (HD 1-40)</td>
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<td>AHFC Competitive Grants for Public Housing (HD 1-40)</td>
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<td>AHFC Facility Maintenance Program (HD 1-40)</td>
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<td>AHFC Federal and Other Competitive Grants (HD 1-40)</td>
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<td>AHFC Housing and Urban Development Capital Fund Program (HD 1-40)</td>
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<tr>
<td>AHFC Housing and Urban Development Federal HOME Grant (HD 1-40)</td>
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<td>750,000</td>
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<tr>
<td>AHFC Rental Assistance for Victims - Empowering Choice Housing Program (ECHP) (HD 1-40)</td>
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<tr>
<td>AHFC Senior Citizens Housing Development Program (HD 1-40)</td>
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<tr>
<td>AHFC Supplemental Housing Development</td>
<td>3,000,000</td>
<td>3,000,000</td>
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</table>
Community, and Economic Development, Alaska Energy Authority, energy plan
implementation - $500,000) are reappropriated to the Department of Commerce, Community,
and Economic Development, Alaska Energy Authority, for rural power systems upgrades.

(c) The unexpended and unobligated balance, estimated to be $3,000,000, of the
appropriation made in sec. 1, ch. 17, SLA 2012, page 5, lines 18 - 21 (Department of
Commerce, Community, and Economic Development, state support for rural roads and
waterfront development partnership - $3,000,000) is reappropriated to the Department of
Commerce, Community, and Economic Development for payment as a grant under
AS 37.05.316 to the Denali Commission established under P.L. 105-277 for state support for
rural roads and waterfront development partnership.

* Sec. 19. DEPARTMENT OF CORRECTIONS. (a) The unexpended and unobligated
balance, not to exceed $1,800,000, of the appropriation made in sec. 1, ch. 17, SLA 2012,
page 109, lines 13 - 15 (Department of Corrections, Goose Creek Correctional Center start-up
furniture and equipment - $5,000,000) is reappropriated to the Department of Corrections for
electrical arc flash assessment and remediation required by the Occupational Safety and
Health Administration.

(b) The sum of $1,500,000 is appropriated from the general fund to the Department of
Corrections for changes to the time accounting module of the Alaska Corrections Offender
Management System and Victim Information Notification System to accommodate new
probation and parole incentives.

* Sec. 20. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT. The sum
of $500,000 is appropriated from the general fund to the Department of Education and Early
Development, education support services, executive administration, for multi-year funding
dedicated to a temporary position or contract personnel and other expenses relating to P.L.
114-95 (Every Student Succeeds Act) for the fiscal years ending June 30, 2017, and June 30,
2018.

* Sec. 21. DEPARTMENT OF ENVIRONMENTAL CONSERVATION. (a) The
unexpended and unobligated balances, not to exceed $1,040,000 of the total estimated balance
of $4,115,127, of the following appropriations are reappropriated to the Department of
Environmental Conservation for the Haines sewer treatment plant health and safety upgrades:

(1) sec. 1, ch. 82, SLA 2006, page 66, lines 14 - 15, and allocated on page 68,
Sec. 25. DEPARTMENT OF PUBLIC SAFETY. (a) The unexpended and unobligated balances, not to exceed $2,269,500 of the total estimated balance of $3,619,500, of the appropriations made in sec. 1, ch. 17, SLA 2012, page 128, lines 19 - 21 (Department of Public Safety, P/V Woldstad, engine repower and other dry dock maintenance - $2,400,000) and sec. 1, ch. 18, SLA 2014, page 60, lines 25 - 26 (Department of Public Safety, P/V Woldstad, engine repower and other dry dock maintenance - $1,300,000) are reappropriated to the Department of Public Safety for aircraft and vessel repair and maintenance.

(b) The unexpended and unobligated balances remaining after the appropriation made in (a) of this section of the appropriations made in sec. 1, ch. 17, SLA 2012, page 128, lines 19 - 21 (Department of Public Safety, P/V Woldstad, engine repower and other dry dock maintenance - $2,400,000) and sec. 1, ch. 18, SLA 2014, page 60, lines 25 - 26 (Department of Public Safety, P/V Woldstad - engine repower and other dry dock maintenance - $1,300,000) are reappropriated to the Department of Public Safety for deferred maintenance, renewal, repair, and equipment.

Sec. 26. DEPARTMENT OF REVENUE. (a) The unexpended and unobligated balances, not to exceed $1,750,000 of the total estimated balance of $20,000,000, of the following appropriations are reappropriated to the Alaska Housing Finance Corporation for senior citizen housing:

(1) sec. 4, ch. 5, FSSLA 2011, page 138, lines 5 - 7, and allocated on page 138, lines 10 - 11 (Department of Revenue, AHFC weatherization and home energy rebate programs, AHFC home energy rebate program - $37,500,000);

(2) sec. 1, ch. 17, SLA 2012, page 131, lines 25 - 27, and allocated on page 131, lines 28 - 29 (Department of Revenue, AHFC weatherization and home energy rebate programs, AHFC home energy rebate program - $20,000,000);

(3) sec. 1, ch. 16, SLA 2013, page 77, line 32, through page 78, line 3, and allocated on page 78, lines 4 - 5 (Department of Revenue, AHFC weatherization and home energy rebate programs, AHFC home energy rebate program - $20,000,000);

(4) sec. 1, ch. 18, SLA 2014, page 62, line 14, and allocated on page 62, lines 15 - 16 (Department of Revenue, AHFC energy programs, AHFC home energy rebate program - $15,000,000).

(b) The unexpended and unobligated balances, not to exceed $6,600,000, remaining
following appropriations are reappropriated to the Alaska Legislature, Legislative Council, council and subcommittees, for video surveillance upgrades and other security enhancements for the capitol complex:

(1) sec. 47, ch. 16, SLA 2013 (Alaska Legislature, Legislative Council, travel costs and materials for the Task Force on Sustainable Education - $250,000);

(2) sec. 1, ch. 23, SLA 2015, page 42, line 24 (Alaska Legislature, Budget and Audit Committee - $17,176,800);

(3) sec. 1, ch. 23, SLA 2015, page 42, line 28 (Alaska Legislature, Legislative Council - $29,800,000);

(4) sec. 1, ch. 23, SLA 2015, page 43, line 7 (Alaska Legislature, information and teleconference - $3,481,200);

(5) sec. 1, ch. 23, SLA 2015, page 43, line 10 (Alaska Legislature, legislative operating budget - $22,641,800);

(6) sec. 4, ch. 1, SSSL A 2015, page 52, line 12 (Alaska Legislature, Budget and Audit Committee - $289,600);

(7) sec. 4, ch. 1, SSSL A 2015, page 52, line 16 (Alaska Legislature, Legislative Council - $416,300); and

(8) sec. 4, ch. 1, SSSL A 2015, page 52, line 23 (Alaska Legislature, legislative operating budget - $465,400).

(b) The unexpended and unobligated general fund balances after the appropriations made in (a) of this section of the appropriations listed in (a)(1) - (8) of this section are reappropriated to the Alaska Legislature, Legislative Council, council and subcommittees, for renovation of, repair of, technology improvements to, and other necessary projects related to legislative buildings and facilities.

* Sec. 31. UNIVERSITY OF ALASKA. The unexpended and unobligated balance, estimated to be $18,852,256, of the appropriation made in sec. 1, ch. 16, SLA 2013, page 12, lines 20 - 25 (Anchorage, U-Med district northern access - $20,000,000) is reappropriated to the University of Alaska for the design and construction of the U-Med district northern access project.

* Sec. 32. FUND CAPITALIZATION. (a) The sum of $4,100,000 is appropriated from the general fund to the Alaska liquefied natural gas project fund (AS 31.25.110).