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FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 224
 (S) Publish Date: 1/16/08

Identifier (file name): 0041-OOG-DOE-1-4-08 Dept. Affected: OOG
 Title A bill providing for the issuance of general obligation bonds RDU Elections
for paying the cost of state transportation projects Component Elections
 Sponsor Rules Committee
 Requester Governor Component Number 21

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	1.5							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts							
1003 GF Match							
1004 GF	1.5						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)
 The passage of this bill would require the general obligation bond question to appear on the 2008 general election ballot. The cost of providing information about the bonds in the Official election Pamphlet, as required by AS 15.58 is \$1.5. Should the addition of this question require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

Prepared by: Gail Fenumiai, Director Phone 465-2644
 Division Division of Elections Date/Time 1/4/08, 3:07pm
 Approved by: Linda J. Perez, Administrative Director Date 1/4/2008
Division of Administrative Services

SARAH PALIN
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



Bonds -

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 15, 2008

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

Dear President Green:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects.

The state requires a stable transportation construction program. The capital budget addresses many critical transportation needs in Alaska. However, there is much more that needs to be done. Low interest notes provide the opportunity to keep overall spending low, while at the same time utilizing bond receipts to expand and improve our infrastructure. The use of state bond proceeds allows projects to move from design to completion much faster than the lengthy process that federal funding entails.

Safety, congestion, and gas pipeline preparation were the criteria used to identify these priority projects for inclusion in this bond proposal.

Section 1 of the bill adds a new section to the uncodified law of the state authorizing the issuance and sale of state general obligation bonds in the principal amount of not more than \$140 million if ratified by a majority of the qualified voters of the state who vote on the question. The full faith, credit, and resources of the state would be pledged to the payment of the principal of and interest and redemption premium, if any, on the bonds.

Section 2 of the bill adds a new section to the uncodified law of the state establishing the "2008 transportation project fund" if the voters ratify the issuance of the bonds, to which shall be credited the proceeds of the sale of the bonds except for the accrued interest and premiums.

Sections 3 - 5 of the bill add new sections to the uncodified law of the state appropriating from the 2008 transportation project fund the amounts of \$121.1 million

The Honorable Lyda Green
January 15, 2008
Page 2

to the Department of Transportation and Public Facilities to be allocated to specified road, highway, and bridge projects throughout Alaska; \$10 million to the Department of Commerce, Community, and Economic Development to be awarded as a grant to the Municipality of Anchorage for expansion of the Port of Anchorage; and \$8.9 million to the Department of Natural Resources to be allocated to the South Denali Access Road Design and Construction project.

Section 6 of the bill adds a new section to the uncodified law of the state appropriating from the general fund to the state bond committee \$700,000 or as much of that amount as is found necessary to carry out the provisions of this bill and to pay expenses incident to the sale and issuance of the bonds.

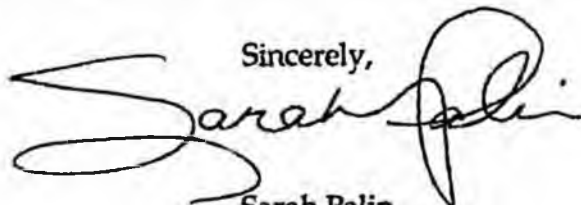
Section 7 of the bill adds a new section to the uncodified law of the state providing that the amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements financed under this bill shall be reimbursed from the proceeds of the sale of the bonds.

Section 8 of the bill amends the uncodified law of the state to add a new section providing that the unexpended and unobligated balance of the appropriations made in secs. 3 - 5 lapses and is appropriated to the state bond committee to redeem bonds sold under this bill. Further, sec. 8 provides that amounts expended from the general fund to pay the principal, interest, and redemption premium on the bonds shall be reimbursed from this appropriation to the extent that the money is not needed to redeem the bonds.

Section 9 of the bill amends the uncodified law of the state to add a new section directing the submittal to the voters for ratification at the next general election the question of whether the state shall issue its general obligation bonds in the principal amount of not more than \$140 million for the purpose of paying the cost of state transportation projects.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Sarah Palin
Governor

Enclosure

ALASKA STATE LEGISLATURE
SENATE BILL NO. 224

HISTORY IN THE SENATE

2008

1/16

Read first time and referred to:

W/GOV Itr + FN
TRA, FIN

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

_____ RPT CS() _____ New Title
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN
To: _____

Read second time

CS() Adopted New Title

Amended _____
 _____ Advanced / 3rd Rdg. _____

Read third time

Title Amendment
 Return to 2nd & amended _____

Passed Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____

Reconsideration

Reconsideration not taken up

Title Amendment
 Return to 2nd & amended _____

Passed/Rec Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____

Engrossed, signed by the President
Transmitted to the House

Secretary of the Senate

HISTORY IN THE HOUSE

20

Read first time and referred to:

_____ RPT HCS() _____ NT: HCR _____
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT HCS() _____ NT: HCR _____
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT HCS() _____ NT: HCR _____
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

_____ RPT HCS() _____ NT: HCR _____
_____ DP _____ DNP _____ NR _____ AM
_____ FN _____ OFN / Prev: _____ FN _____ OFN

Read second time

HCS() Adopted New Title
HCR No. _____

Amended _____
 _____ Advanced / 3rd Rdg. _____

Read third time

Title Amendment
 Return to 2nd & amended _____

Passed Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____

Reconsideration

Reconsideration not taken up

Title Amendment
 Return to 2nd & amended _____

Passed/Rec Y _____ N _____ E _____ A _____
 EFD same or Y _____ N _____ E _____ A _____
 CBR same or Y _____ N _____ E _____ A _____
 CRT same or Y _____ N _____ E _____ A _____

Engrossed, signed by the Speaker
Returned to the Senate

Chief Clerk of the House

SENATE-HOUSE HISTORY (continued)

20

Version Received from the House:

Concur in House Amendment

Y ___ N ___ E ___ A ___

[] EFD same or Y ___ N ___ E ___ A ___

[] CBR same or Y ___ N ___ E ___ A ___

[] CRT same or Y ___ N ___ E ___ A ___

Failed concur in House amd., ask House recede

Y ___ N ___ E ___ A ___

House failed to recede from amendment

Y ___ N ___ E ___ A ___

CC appointed by Senate _____ Chair

CC appointed by House _____ Chair

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

20

(S) Adopted CC Rpt _____

Y ___ N ___ E ___ A ___

[] EFD same or Y ___ N ___ E ___ A ___

[] CBR same or Y ___ N ___ E ___ A ___

[] CRT same or Y ___ N ___ E ___ A ___

(H) Adopted CC Rpt _____

Y ___ N ___ E ___ A ___

[] EFD same or Y ___ N ___ E ___ A ___

[] CBR same or Y ___ N ___ E ___ A ___

[] CRT same or Y ___ N ___ E ___ A ___

Sent to enrolling

Received from Enrolling _____ Manifest Error

Sent to Governor

By Governor

Chapter Number _____

Filed with Lieutenant Governor

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500

FAX: (907) 586-8365

PHONE: (907) 465-3900

January 17, 2008

RECEIVED

JAN 18 2008

Sen. Kookesh's Office

The Honorable Albert Kookesh
Alaska State Legislature
State Capitol, Room 11
Juneau, AK 99801-1182

Dear Senator Kookesh:

I request a hearing for SB 224 General Obligation Bonds for Transportation Projects. This bill will allow the state to ask the general public if they support the issuance of general obligation bonds for the purpose of paying the cost of transportation projects. While the capital budget addresses many critical transportation projects, the needs far outweigh the state's budget. Bonding provides an opportunity to improve the state's transportation infrastructure, without unnecessarily escalating the capital budget. The transportation projects identified in this bill will address important safety and congestion needs as well as preparing for construction of the gas pipeline. Additionally, the speed at which a project can be completed is significantly reduced when not using federal funds.

I look forward to discussing this important piece of legislation with you and your committee.

Sincerely,



Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

cc: Russ Kelly, Legislative Liaison, Office of the Governor
Mary Siroky, Legislative Liaison, Dept. of Transportation & Public Facilities

STATE OF ALASKA

SARAH PALIN, GOVERNOR

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER**

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500

FAX: (907) 586-8365
PHONE: (907) 465-3900

January 23, 2008

The Honorable Albert Kookesh
Alaska State Legislature
State Capitol, Room 11
Juneau, AK 99801-1182

Dear Senator Kookesh:

I respectfully request a hearing on SB 236 establishing a state transportation fund. This powerful idea ensures a permanent solution to meet the state's transportation needs. Alaska's transportation needs now far exceed the capacity of long standing federal sources.

Transportation infrastructure is at the heart of a growing economy, and Alaska needs to take charge of this responsibility. The state funds generated by this transportation endowment offer significant advantages over the rule-bound federal sources, which often result in both project delays and much higher costs. Alaska can no longer expect to see an ever improving transportation system, without a sustained level of funding from our own contribution.

In the 1980's the state surplus was used to build as much as possible resulting in a severe boom then bust economy. When oil prices dropped, the state economy took a significant downturn. A transportation fund bridges over the lean years, ensuring a stable source of funding that leads to a positive economic environment.

Enclosed is a copy of the legislation, the Governor's transmittal letter, a sectional analysis and fiscal notes.

I look forward to discussing this important piece of legislation with you and your committee.

Sincerely,



Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

Enclosures

cc: Russ Kelly, Legislative Director, Office of the Governor
Randy Ruaro, Special Staff Assistant, Office of the Governor
Mary Siroky, Legislative Liaison, Dept. of Transportation & Public Facilities

Sectional Analysis of SB 236.

SB 236 creates a transportation fund, gives the commissioner of revenue management authority, and specifies a predictable yearly amount which will be available for appropriation for transportation purposes.

A new section will be added to Alaska Statute 37.14 which already recognizes other funds such as the Alaska Heritage Endowment Fund, the Mine Reclamation Trust Fund, and the Investment Loss Trust Fund.

Section 1. Creation of Alaska Highway Transportation Fund

Section 1 of the bill creates a transportation fund, determines how the fund value will be calculated, and gives authority to manage the fund to the commissioner of revenue.

Proposed Sec. 37.14.900 creates the transportation fund. The fund would consist primarily of appropriations, but will also include other contributions or investment income. The commissioner of revenue would manage the fund so that the fund would be self-sustaining.

Proposed 37.14.910 provides that, on a yearly basis, 5% of the five year average value of the fund will be made available for appropriation to the capital projects fund established in AS 44.42.080. The Department of Transportation and Public Facilities could use the funds for transportation projects.

Proposed sections 37.14.920 & 930 provide the commissioner of revenue with necessary authority to manage and invest the funds, and specify that the market value of the fund must be calculated in accordance with generally accepted accounting principles.

Section 2: Transition Clause.

Section 2 is a transition clause which will be in effect during the years 2008-2012. This section is necessary because the statute will require that any appropriations be based upon a five year average fund value. Until the fund has been in existence for a full five years, the fund's average values will be calculated according to the fund's value during all available years.

Section 3: Effective Date

Section 3 provides for an immediate effective date.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/16/08

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/7/08

Transportation Committee considered SENATE BILL NO. 224

SB 224 G.O. BONDS FOR TRANSPORTATION PROJECTS

"An Act providing for and relating to the issuance of general obligation bonds for the purpose of paying the cost of state transportation projects; and providing for an effective date."

and recommends:

- be replaced with SCS or CS _____ ()
- adopt previous SCS or CS _____ ()
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title

HOUSE BILL:
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

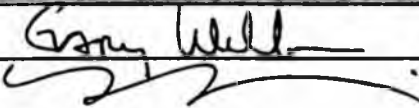

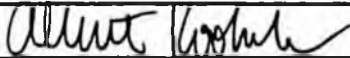
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
GOV	1/14	✓			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	*DO PASS	DO NOT PASS	NO REC	AMEND
	WILKEN			✓	
	WIELECHOWSKI			✓	
CHAIR: 	KRASKA	✓			

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/16/08

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/7/08

Transportation Committee considered SENATE BILL NO. 216

SB 216 PURPLE HEART TRAIL

"An Act designating the Alaska Highway and portion of the Richardson Highway as the Purple Heart Trail."

and recommends:

- be replaced with SCS or CS SB 216 (TRA)
- adopt previous SCS or CS CS Forthcoming _____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOT	2/6	✓			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	Wilken			✓	
	Wielechowski	✓			
	Olsen	✓			
CHAIR:	Krookesh	✓			

SENATE BILL NO. 224

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/16/08

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for and relating to the issuance of general obligation bonds for the**
2 **purpose of paying the cost of state transportation projects; and providing for an**
3 **effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new
6 section to read:

7 **GENERAL OBLIGATION BONDS.** For the purpose of paying the cost of design
8 and construction of state transportation projects, general obligation bonds of the state in the
9 principal amount of not more than \$140,000,000, if ratified by a majority of the qualified
10 voters of the state who vote on the question, shall be issued and sold. The full faith, credit,
11 and resources of the state are pledged to the payment of the principal of and interest and
12 redemption premium, if any, on the bonds. The bonds shall be issued under the provisions of
13 AS 37.15 as those provisions read at the time of issuance.

14 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 2008 TRANSPORTATION PROJECT FUND. If the issuance of the bonds is ratified
3 by a majority of the qualified voters of the state who vote on the question, a special fund of
4 the state to be known as the "2008 transportation project fund" shall be established, to which
5 shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except
6 for the accrued interest and premiums.

7 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The
10 amount of \$121,100,000 is appropriated from the 2008 transportation project fund to the
11 Department of Transportation and Public Facilities to be allocated among the following
12 projects in the amounts listed subject to reallocation between projects in accordance with
13 AS 37.07.080(e):

14 PROJECT	ALLOCATION
15 Anchorage: Connect Anchorage Project	\$22,100,000
16 (Dowling Road - Old Seward Highway	
17 to Minnesota Drive)	
18 Anchorage: Connect Anchorage Study (Northern	2,000,000
19 Access to University Medical District Study)	
20 Dalton Highway Improvements	14,000,000
21 Kenai Borough Road Projects	8,000,000
22 Nome: Snake River Bridge Replacement	10,000,000
23 Parks Highway: Weight Restriction Elimination	15,000,000
24 Seward Highway: Windy Corner Safety	20,000,000
25 Improvements	
26 Southeast Alaska: Pavement Rehabilitation	15,000,000
27 Steese Highway/Johansen Expressway	15,000,000
28 Area Traffic Improvements	

29 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC

1 DEVELOPMENT. The amount of \$10,000,000 is appropriated from the 2008 transportation
2 project fund to the Department of Commerce, Community, and Economic Development to
3 be awarded as a grant under AS 37.05.315 to the Municipality of Anchorage for expansion
4 of the Port of Anchorage.

5 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 DEPARTMENT OF NATURAL RESOURCES. The amount of \$8,900,000 is
8 appropriated from the 2008 transportation project fund to the Department of Natural
9 Resources for the South Denali Access Road Design and Construction project.

10 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 STATE BOND COMMITTEE. If the issuance of the bonds is ratified by a majority
13 of the qualified voters of the state who vote on the question, the amount of \$700,000 or as
14 much of that amount as is found necessary is appropriated from the general fund of the state
15 to the state bond committee to carry out the provisions of this Act and to pay expenses
16 incident to the sale and issuance of the bonds authorized in this Act. The amounts expended
17 from the appropriation authorized by this section shall be reimbursed to the general fund
18 from the proceeds of the sale of the bonds authorized by this Act.

19 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 ADVANCE PLANNING. The amount withdrawn from the public facility planning
22 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements
23 financed under this Act shall be reimbursed to the fund from the proceeds of the sale of
24 bonds authorized by this Act.

25 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated
28 balance of the appropriations made in secs. 3 - 5 of this Act lapses under AS 37.25.020 and
29 is appropriated to the state bond committee to redeem bonds sold under this Act. The
30 amounts expended from the general fund to pay the principal, interest, and redemption
31 premium on bonds issued under this Act shall be reimbursed to the general fund from the

1 appropriation made under this section to the extent that the money is not needed to redeem
2 the bonds.

3 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **BALLOT QUESTION.** The question whether the bonds authorized in this Act are to
6 be issued shall be submitted to the qualified voters of the state at the next general election
7 and shall read substantially as follows:

8 **PROPOSITION**

9 State General Obligation Transportation Project Bonds
10 \$140,000,000

11 Shall the State of Alaska issue its general obligation bonds
12 in the principal amount of not more than \$140,000,000 for
13 the purpose of paying the cost of state transportation
14 projects?

15 Bonds Yes []

16 Bonds No []

17 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA

SARAH PALIN, GOVERNOR

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
PO Box 112500
JUNEAU, ALASKA 99811-2500
FAX: (907) 586-8365
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January 17, 2008

RECEIVED

JAN 18 2008

Sen. Kookesh's Office

The Honorable Albert Kookesh
Alaska State Legislature
State Capitol, Room 11
Juneau, AK 99801-1182

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I look forward to discussing this important piece of legislation with you and your committee.

Sincerely,



Leo von Scheben, P.E., L.S., M.B.A.
Commissioner

cc: Russ Kelly, Legislative Liaison, Office of the Governor
Mary Siroky, Legislative Liaison, Dept. of Transportation & Public Facilities

SARAH PALIN
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 15, 2008

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

Dear President Green:

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The state requires a stable transportation construction program. The capital budget addresses many critical transportation needs in Alaska. However, there is much more that needs to be done. Low interest notes provide the opportunity to keep overall spending low, while at the same time utilizing bond receipts to expand and improve our infrastructure. The use of state bond proceeds allows projects to move from design to completion much faster than the lengthy process that federal funding entails.

Safety, congestion, and gas pipeline preparation were the criteria used to identify these priority projects for inclusion in this bond proposal.

Section 1 of the bill adds a new section to the uncodified law of the state authorizing the issuance and sale of state general obligation bonds in the principal amount of not more than \$140 million if ratified by a majority of the qualified voters of the state who vote on the question. The full faith, credit, and resources of the state would be pledged to the payment of the principal of and interest and redemption premium, if any, on the bonds.

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Sections 3 - 5 of the bill add new sections to the uncodified law of the state appropriating from the 2008 transportation project fund the amounts of \$121.1 million

SENATE BILL NO. 224

The Honorable Lyda Green

January 15, 2008

Page 2

to the Department of Transportation and Public Facilities to be allocated to specified road, highway, and bridge projects throughout Alaska; \$10 million to the Department of Commerce, Community, and Economic Development to be awarded as a grant to the Municipality of Anchorage for expansion of the Port of Anchorage; and \$8.9 million to the Department of Natural Resources to be allocated to the South Denali Access Road Design and Construction project.

Section 6 of the bill adds a new section to the uncodified law of the state appropriating from the general fund to the state bond committee \$700,000 or as much of that amount as is found necessary to carry out the provisions of this bill and to pay expenses incident to the sale and issuance of the bonds.

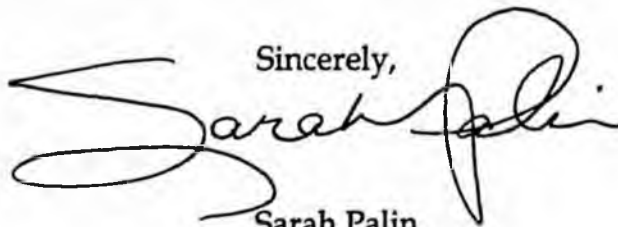
Section 7 of the bill adds a new section to the uncodified law of the state providing that the amount withdrawn from the public facility planning fund (AS 35.10.135) for the purpose of advance planning for the capital improvements financed under this bill shall be reimbursed from the proceeds of the sale of the bonds.

Section 8 of the bill amends the uncodified law of the state to add a new section providing that the unexpended and unobligated balance of the appropriations made in secs. 3 - 5 lapses and is appropriated to the state bond committee to redeem bonds sold under this bill. Further, sec. 8 provides that amounts expended from the general fund to pay the principal, interest, and redemption premium on the bonds shall be reimbursed from this appropriation to the extent that the money is not needed to redeem the bonds.

Section 9 of the bill amends the uncodified law of the state to add a new section directing the submittal to the voters for ratification at the next general election the question of whether the state shall issue its general obligation bonds in the principal amount of not more than \$140 million for the purpose of paying the cost of state transportation projects.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a large loop at the end.

Sarah Palin
Governor

Enclosure