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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 21, 2009

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

Dear President Stevens:

Today I am transmitting to you the FY2010 capital budget bill. The capital budget represents a significant investment in Alaska's infrastructure including surface transportation, airport improvements, water and wastewater projects, schools and state facilities maintenance.

When the budget was released on December 15, 2008, our revenue forecast indicated that we would have a FY2010 budget surplus of nearly \$390 million that would flow into the constitutional budget reserve fund at the end of the fiscal year based upon a per barrel oil price of \$74.41. We all know that oil prices currently are well below that price. We will continue to closely monitor oil price and production and will be providing updated revenue information for your consideration.

The good news is that Alaska has tools in place to address these challenges; fiscal discipline and prudent use of reserves to stabilize Alaska's economy, keep Alaskans employed, and industry moving.

I believe that this capital budget is a responsible approach to addressing the needs of Alaskans. I look forward to working with the Legislature to secure passage of this bill.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Palin". The signature is fluid and cursive, with a large loop at the end.

Sarah Palin  
Governor