

LEG. FINANCE - BILLS 1979 - 1980 1323

SB 271 cont., thru SB 292 1323

EXHIBIT
2.

MEMORANDUM

State of Alaska *11/22*
365

TO: Department of Commerce

Attn: Mr. W. W. Fritz
Division of Insurance

DATE : June 24, 1968

FROM: G. Kent Edwards
Attorney General

SUBJECT: House Bill No. 365
"Negotiable Bank Check
Payable on Demand"
Our File No. COM-129

By: Vernon L. Snow
Assistant Attorney General

Reference is made to your memorandum dated April 26, 1968, requesting our opinion as to the meaning of the term "negotiable bank check payable on demand" used in House Bill No. 365.

You state that the original bill read "Cashier's check or certified check". The Legislature amended the wording of the bill to read "negotiable bank check payable on demand".

Enclosed herewith is a xerox copy of Black's Law Dictionary covering the definition of "bank check" and "checks". You will note that the dictionary states under "bank check" "See 'check'". The definition of "check" in that dictionary does not lend much help in determining the meaning of the term "negotiable bank check". However, it is noted that the following statement is made regarding "check" and "draft":

"The term 'check', within the ordinary meaning of that term includes 'draft', the only distinction being that in a draft the drawer is a bank, while in the ordinary check the drawer is an individual. Leach v. Mechanics' Sav. Bank, 202 Iowa 899, 211 NW 506, 508, 50 A.L.R. 388."

Bank check is defined in 11 Am. Jur. 2d., Bills and Notes, §17, p. 47, as follows:

"The term 'bank check' means nothing more than 'check'. It merely designates a check which is drawn on a bank and thus is generally tautological, although it may be used to distinguish checks for money from such things as baggage checks, or from some travelers' checks which are not always drawn on a bank."
(Emphasis added)

In 10 C.J.S., Bills and Notes, §5, p. 409, the following reference is made to a "bank check":

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"The phrase 'bankers check' has no place in legal or financial terminology, it has been suggested; but the popular significance of the term is a check drawn by a banker, as distinguished from a bank check which may be drawn on the bank by anybody. . . ." (Emphasis added.)

The above language was approved in the case of Banker of M W of A v. Harrison, 62 S.W. 2d 486, (Mo. App. 1933). Though C.J.S. does not specifically define "bank check" their treatment of it definitely implies a definition akin to that given by Am. Jur. 2d, in that a "bank check" means nothing more than an ordinary check.

5 Words and Phrases, p. 175, cites two cases under the word bank check, neither of which are very helpful. No definition is given in the case of German Nat. Bank v. Beatrice, 63 Neb. 246, 88 N.W. 480 (1901). Only a statement is contained stating that "bank checks in this country, are regarded as inland bills of exchange, for the purpose of presentment and demand and notice of dishonor". However, the facts of the case indicate that an ordinary check was at issue.

In the case of Byrd Printing Co. v. Whitaker Paper Co., 135 Ga. 865, 70 S.E. 798 (1911) again a definition of bank check is absent but the case involved an ordinary check and the court stated as follows:

"A bank check is a contract in writing by the execution and delivery of which the drawer contracts with the payee that the bank will, on presentation, pay to him or his order the amount designated, and is not a mere request upon a third person to pay, . . ."

A bank check is in no sense of the word either a "cashiers check" or a "certified check". Both of these terms are defined separately by Am. Jur., and an inspection of their definitions clearly demonstrates that they are entirely different animals with different legal consequences than the ordinary bank check. 10 Am. Jur. 2d, Banks, §10, p. 518 defines a cashier's check as follows:

"A cashier's check is a bill of exchange, drawn by the bank upon itself, and is accepted by the act of issuance. While the only apparent basic or factual difference between a cashier's check and the ordinary check is that the ordinary check is drawn on one other than the drawer, while in a cashier's check both the drawer and the drawee are the same, there are certain

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differences, some radical, in the incidents and consequences of the two types of checks. A cashier's check is a primary obligation of the bank, rather than the depositor, as in the case of an ordinary check, and a promise to pay which ordinarily cannot be countermanded. It is issued by the authorized officer of a bank, directed to another person, evidencing the fact that the payee is authorized to demand and receive from the bank, upon presentation, the amount of money represented by the check. Cashiers' checks, from their peculiar character and general use in the commercial world, are regarded substantially as the money which they represent, a rule that is not extended to ordinary checks of the depositor drawn on his bank."

11 Am. Jur. 2d, Bills and Notes, §17, p. 47, defines a certified check as "a check upon which the drawee bank has assumed an obligation by assuring that the drawer has funds and that such funds have been set apart for the satisfaction of the check". 10 Am. Jur. 2d, Banks §588, p. 556, clearly pointed out that a bank check and certified check are not one and the same, when the commentator stated as follows:

"In a certain broad sense the certification of a check is equivalent to a certificate of deposit, inasmuch as the deposits of the drawer to the amount of the check are set aside or appropriated for the holder thereof. The certification of a bank check is not, however, in all respects like the making of a certificate of deposit; it is a think sui generis, and its effect depends upon the person who, in his own behalf, or for his own benefit, induces the bank to certify the check."

In conclusion, the definition and use of the term bank check is identical with the term check, and does not imply that a check is to be treated as either a cashier's, or certified check. This is also in keeping with the intent of the legislature, to halt the use of the insurance sight draft (since an ordinary check is in no sense of the word a sight draft - said draft requiring an additional acceptance by the drawer - See page 246 of House Journal for February 17, 1968), without requiring the rather restrictive cashier's or certified check.

We trust the foregoing answers your question, If not, please advise.

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Enclosures as indicated

to make loans, and to issue its promissory notes, (designed to circulate as money, and commonly called "bank-notes" or "bank-bills,") or to perform any one or more of these functions. *State v. Wagner*, 202 Iowa, 739, 210 N.W. 901, 902; *People v. Bartow*, 6 Cow.N.Y. 290; *Dearborn v. Northwestern Savings Bank*, 42 Ohio St. 617; *In re Prudence Co.*, D.C.N.Y., 10 F.Supp. 33, 36.

An institution, usually incorporated with power to issue its promissory notes intended to circulate as money (known as bank notes); or to receive the money of others on general deposit, to form a joint fund that shall be used by the institution, for its own benefit, for one or more of the purposes of making temporary loans and discounts; of dealing in notes, foreign and domestic bills of exchange, coin, bullion, credits, and the remission of money; or with both these powers, and with the privileges, in addition to these basic powers, of receiving special deposits and making collections for the holders of negotiable paper, if the institution sees fit to engage in such business. *State of Kansas ex rel. Boynton v. Hayes*, C.C.A.Kan., 62 F.2d 597, 600. The term "bank" is usually restricted in its application to an incorporated body; while a private individual making it his business to conduct banking operations is generally denominated a "banker." *Hobbs v. Bank*, C.C.A. N.Y., 101 F. 75, 41 C.C.A. 205; *Wells, Fargo & Co. v. Northern Pac. R. Co.*, C.C.Or., 23 F. 469.

The house or place where the business of banking is carried on.

Banks in the commercial sense are of three kinds, viz.: (1) of deposit; (2) of discount; (3) of circulation. Strictly speaking, the term "bank" implies a place for the deposit of money, as that is the most obvious purpose of such an institution. Originally the business of banking consisted only in receiving deposits, such as bullion, plate, and the like, for safe-keeping until the depositor should see fit to draw it out for use, but the business, in the progress of events, was extended, and bankers assumed to discount bills and notes, and to loan money upon mortgage, pawn, or other security, and, at a still later period, to issue notes of their own, intended as a circulating currency and a medium of exchange, instead of gold and silver. Modern bankers frequently exercise any two or even all three of those functions, but it is still true that an institution prohibited from exercising any more than one of those functions is a bank, in the strictest commercial sense. *Oulton v. German Sav. & L. Soc.*, 17 Wall. 118, 21 L.Ed. 619; *Millikan v. Security Trust Co.*, 118 N.E. 568, 569, 187 Ind. 307; *Rev.St.U.S. § 3407* (12 USCA § 561).

—**Bank-account.** A sum of money placed with a bank or banker, on deposit, by a customer, and subject to be drawn out on the latter's check. The statement or computation of the several sums deposited and those drawn out by the customer on checks, entered on the books of the bank and the depositor's passbook. *Gale v. Drake*, 51 N.H. 84.

—**Bank bill.** Same as bank note. *Eastman v. Com.*, 4 Gray (Mass.) 416. See Bank note, *infra*.

—**Bank book.** A book kept by a customer of a bank, showing the state of his account with it. See Pass-book.

—**Bank cashier.** A chief executive officer and general agent through whom financial operations of bank are conducted. *Hamilton Nat. Bank of Chattanooga, Tenn., v. Lerman*, 229 Ala. 363, 157 So. 75.

—**Bank charges.** This term in an action on a bill of exchange is equivalent to expenses of noting; and may be especially endorsed as a liquidated demand; [1893] 1 Q.B. 318.

—**Bank check.** See Check.

—**Bank credit.**—A credit with a bank by which, on proper security given to the bank, a person receives liberty to draw to a certain extent agreed upon. In Scotland also called a cash account. Cent. Dict.

—**Bank depositor.** One who delivers to or leaves with a bank a sum of money subject to his order. *Wharton v. Poughkeepsie Sav. Bank*, 31 N.Y.S.2d 311, 313, 262 App.Div. 598.

—**Bank draft.** A check, draft, or other order for payment of money, drawn by an authorized officer of a bank upon either his own bank or some other bank in which funds of his bank are deposited. *Polotsky v. Artisans Sav. Bank, Del.*, 180 A. 791, 792, 7 W.W.Harr. 142.

—**Bank note.** A promissory note issued by a bank or banker authorized to do so, payable to bearer on demand, and intended to circulate as money. *Townsend v. People*, 4 Ill. 323; *Low v. People*, 2 Park.Cr.R. (N.Y.) 37. See, also, Banker's note.

In the early history of banks, their notes were generally denominated bills of credit. *Briscoe v. Bank of the Commonwealth of Kentucky*, 11 Pet. 257, 9 L.Ed. 709.

—**Bank stock.** Shares in the capital of a bank; shares in the property of a bank. In England the term is applied chiefly to the stock of the Bank of England.

—**Bank teller.** See Teller.

—**Bank in failing condition.** Under some statutes, an insolvent bank. *Hanson v. State*, 160 Ark. 329, 254 S.W. 691, 694.

—**Bank of circulation.** One which issues bank notes payable to bearer. *Dunn v. State*, 13 Ga. App. 314, 79 S.E. 170, 171. See Bank of issue, *infra*.

—**Bank of deposit.** A savings bank or any other bank which receives money on deposit. *Dunn v. State*, 13 Ga.App. 314, 79 S.E. 170, 171.

—**Bank of discount.** One which lends money on collateral or by means of discounts of commercial paper. *Dunn v. State*, 13 Ga.App. 314, 79 S.E. 170, 171.

—**Bank of issue.** One which, pursuant to authority conferred by its charter, issues its own notes intended to circulate as money. *Millikan v. Security Trust Co.*, 187 Ind. 307, 118 N.E. 568, 569.

—**Joint-stock banks.** In English law. Joint-stock companies for the purpose of banking. They are regulated, according to the date of their incorporation, by charter, or by 7 Geo. IV, c. 46; 7 & 8 Vict. cc. 32, 113; 9 & 10 Vict. c. 45, (in Scotland and Ireland;) 20 & 21 Vict. c. 49; and 27 & 28 Vict. c. 32; or by the "Joint-Stock Companies Act, 1862," (25 & 26 Vict. c. 89.) *Wharton*.

—**Savings bank.** An institution in the nature of a bank, formed or established for the purpose of receiving deposits of money, for the benefit of the

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ISS S.W. 815, 816; State v. Hearn, 115 370, 151 N.E. 244, 245. Particularly used reference to the control or supervision of department, bureau, office, or person over

in initiative statute, to compare names of signer with nearest official registration list. Halgren v. Utah, 10, 63 P.2d 550, 551.

Check, n. A commercial device intended for use as temporary expedient for actual money, and usually designed for immediate payment, and for circulation. Kennedy v. Jones, 140 Ga. 302, 1903, 1070, Ann.Cas.1914D, 355; Merchants' Nat. Bank v. Bank, 10 Wall. 647, 19 L.Ed. 1008.

of payment of money. Wright v. Loring, 351 N.E. 865, 866. An order for payment of money. Rochester Trust & Safe Deposit Co., 209 N.Y. 517, 539, 52 L.R.A.N.S., 302, Ann.Cas.1915A, 1915, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 1089, 1090, 1091, 1092, 1093, 1094, 1095, 1096, 1097, 1098, 1099, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1218, 1219, 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A request to pay money, Standard Factors Corp. v. Manufacturers Trust Co., 182 Misc. 701, 50 N.Y. 11.

of exchange drawn on a bank payable on demand. Central & Savings Bank Co. of Bellafontaine, Ohio, v. Nat. Bank of Franklin, 69 Ind.App. 417, 120 N.E. 271; Bell-Wayland Co. v. Bank of Sugden, 95 Okl. 67, 1918, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 1082, 1083, 1084, 1085, 1086, 1087, 1088, 108

HB 365 This bill seeks to prevent the delay, inconvenience, financial loss and frustration experienced by insurance claimants when payment by the insurance company is made in the form of an instrument not readily exchangeable for cash. The intent is to prohibit the use of what is commonly called a "sight draft", still used by some insurance companies, which requires an additional "acceptance" by the company before actual payment is made.

/s/ Tom Fink
Tom Fink, Chairman"

The Judiciary Committee has had HOUSE BILL NO. 365 (payments of judgments and settlements) under consideration and a majority of the members of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 365 and that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 365 do pass. The report was signed by Mr. Fink, Chairman, and concurred in by Messrs. Fink, Fritz, Metcalf, Moran, Tillion, Hensley and Brady.

HOUSE BILL NO. 365 was referred to the Commerce Committee.

CONSIDERATION OF THE CALENDAR

SECOND READING OF HOUSE RESOLUTIONS

HJR 55 HOUSE JOINT RESOLUTION NO. 55 (former Naval Base at Dutch Harbor) was read the second time with the State Affairs Committee report (page 213 of the journal).

Mr. Holm moved and asked unanimous consent that HOUSE JOINT RESOLUTION NO. 55 be considered engrossed, advanced to third reading and placed on final passage. There being no objection, it was so ordered.

HOUSE JOINT RESOLUTION NO. 55 was read the third time.

The question being: "Shall HOUSE JOINT RESOLUTION NO. 55 pass the House?" The roll was called with the following result:

Yeas: 32 - Anderson, Balone, Banfield, Beirne, Boardman, Bradner, Brady, Cessnun, Fink, Fritz, Getman, Guess, Haugen, Hensley, Hohman, Holm, Metcalf, Miller, Moore, Moran, Moses, Orbeck, Powell, Ray, Sassara, See, Smith, Strandberg, Tillion, Wiggins, Wright, Young.

Nays: 0 -

Excused: 5 - Borer, Sackett, Simpson, Stevens, Westdahl.

Absent: 3 - Harris, Kerttula, McGill.

And so, HOUSE JOINT RESOLUTION NO. 55 passed the House and was referred to the Chief Clerk for engrossment.

SECOND READING OF HOUSE BILLS

HB 468 HOUSE BILL NO. 468 (reports of injuries sustained by fishermen) had been held in second reading until this time.

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THE LAW OF BANK CHECKS

By HENRY J. BAILEY
of the Massachusetts and New York Bars
Professor of Law
Willamette University College of Law
Salem, Oregon

FOURTH EDITION
Revised and Enlarged

THE BANKING LAW JOURNAL
BOSTON
1909

official text and Comments as last revised in 1966. Some states have not enacted all the revised Code provisions.¹⁸

The Code was originally presented for enactment in a version drafted in 1952 and was enacted in that version in Pennsylvania. Several modified versions were presented by the Code sponsors from time to time, the last having been in 1966. Most states including Pennsylvania, have enacted the Code as it appears in the 1962 Official Text. The 1966 text makes few changes from the 1962 text.

By the beginning of 1969, the Code was enacted in 49 of the 50 states, as well as in the District of Columbia and the Virgin Islands. As of that time, Louisiana is the only state that has not enacted the Code.

§ 1.5. Definition and characteristics of checks. Four basic types of negotiable instruments are recognized in the Code. They are (a) a draft or bill of exchange if the instrument is an order to pay money, (b) a check if the instrument is a draft drawn on a bank and payable on demand, (c) a certificate of deposit if the instrument is an acknowledgment of the receipt of money with an engagement to repay it, and (d) a note if the instrument is a promise other than a certificate of deposit.¹⁹

While notes and certificates of deposit are important to banks, they will not be dealt with in this volume except incidentally. On the other hand, a number of cases referred to in this text involved notes; the law enunciated in such cases may carry over into the law of checks. With respect to drafts or bills of exchange, many of the legal principles relevant to such instruments apply equally to checks, since they are drafts of a special kind.

It should be recognized that a check is a draft or bill of exchange under both the Code and the Negotiable Instruments Law. Under other statutes, a check has also been recognized as a bill of exchange. Thus a statute of limitation's applicable to the time of commencement of an action on "bills of exchange" has been held applicable to checks,²⁰ a statute providing that a married woman

18. A so-called 1952 version of the Code was enacted in Pennsylvania, but later revised. The Code draftsmen developed revised versions of the Code in 1957 and 1958, and there was some revision also in 1962. Most states have the Code as revised through 1962. The 1966 revisions, relatively minor, are set forth in Re-

port No. 3 of the Permanent Editorial Board for the Uniform Commercial Code.

19. U.C.C. § 3-104(2). A bill of exchange is defined in N.I.L. § 126, a note in N.I.L. § 184 and a check in N.I.L. § 185. Such definitions are comparable to those of U.C.C. § 3-104(2), although in different language.

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may be sued jointly with her husband on a bill of exchange has been held applicable to a suit on a check,²¹ and a criminal enactment proscribing the forging of an acceptance of a bill of exchange was applied in a case involving a forged certification of a check.²² And it has been held that an instrument labelled a "draft" given by an insurance company to a liability claimant against an insured, payable through a named bank to the order of such liability claimant and his attorneys, is a check.²³ However, in some instances under other laws, a check may not necessarily be a bill of exchange.²⁴

While it is undoubtedly correct to say that a check is a draft or a bill of exchange, checks differ from the other instruments in certain important particulars. A check is a demand instrument drawn on a bank. A draft drawn on a business house is not a check.²⁵ In many states, a note or accepted draft stated to be payable at a bank is equivalent to an order on the bank to pay the amount thereof for the account of the principal debtor,²⁶ but it does not follow that such a note or draft has all the attributes of a check.²⁷ There is also an important distinction between checks and other drafts with respect to requirements of presentment and notice of dishonor, as well as with respect to the right of the holder to have the instrument accepted.

It should be noted that, under the Code, a check must contain an unconditional order to pay a sum certain in money.²⁸ However, that requirement has been held not to mean that payment by means

20. *Rogers v. Durant* (1891) 140 U.S. 298, 11 S.Ct. 754, 35 L.Ed. 481.

21. *Wilderman v. Rogers* (1886) 66 Md. 127, 0 A. 588.

22. *People v Somsky* (1920) 46 Cal. App. 377, 189 P. 450, 37 B.L.J. 561.

23. *Baucum v. Great American Ins. Co.* (Tex. Civ. App., 1963) 304 S.W.2d 713, 80 B.L.J. 647. See also *Grohsky v. Atlas Assurance Co.* (Kan. 1905) 408 P.2d 697, 83 B.L.J. 366. Under the Code, such an instrument is clearly not a check where it is drawn on a nonbank drawee but payable "through" a bank. See U.C.C. §§ 3-104(2)(a) and (b), 3-120.

24. See *Townsend v. Stato* (1893) 92 Ca. 732, 19 S.E. 55.

25. *Amsinck v. Rogers* (1907) 189 N.Y. 252, 82 N.E. 134.

26. U.C.C. § 3-121, Alternative A

so provides. U.C.C. § 3-121, Alternative B, provides that a note or acceptance payable at a bank is not of itself an order or authorization to the bank to pay it.

27. An instrument payable at a certain bank is not a check within the scope of N.I.L. § 186 requiring presentment within "a reasonable time." *Binghamton Pharmacy v. First Nat. Bank* (1915) 131 Tenn. 711, 170 S.W. 1038, 2 A.L.R. 1377.

But see *Mt. Vernon Nat. Bank v. Canby State Bank* (1929) 129 Or. 36, 276 P. 262, 63 A.L.R. 1133, 46 B.L.J. 560, where it is stated that a draft on the drawer payable at a named bank is a check.

28. U.C.C. § 3-104(2)(b) states that a check is a draft drawn on a bank and payable on demand. An "order" is a direction to pay and

of a check is absolutely unconditional. As between the original parties, payment is conditional²⁰ and a defense of failure of consideration may be asserted by the drawer of the check. The requirement that the check be unconditional applies only to the matter of the form of a negotiable instrument.³⁰

§ 1.6. Particular kinds of checks. A cashier's check is simply a bill of exchange or draft drawn by a bank upon itself and is accepted by the act of issuance.³¹ A bank which issues a cashier's check impliedly authorizes the purchaser thereof to deliver or withhold delivery to the payee of the check. The payee of a cashier's check cannot be a holder in due course thereof where he takes it from an intermediary under circumstances amounting to notice to the payee of bad faith on the part of the intermediary, and such payee is deemed acting in bad faith. Prior to valid delivery, the purchaser of a cashier's check may cause it to be cancelled.³²

A bank draft is a bill of exchange drawn by an authorized officer of a bank on either his own bank or a correspondent bank, issued at the solicitation of a person purchasing it.³³ A banker's check is one in which the drawer is a banker, or the duly authorized agent of a bank, drawn on funds either in the bank of which he is an officer or agent or on funds in a correspondent bank in which his own bank has credit.³⁴

Other forms of checks in use to at least some extent include so-called non-negotiable counter-checks for use by a depositor who withdraws funds from his own account in the bank.³⁵ Also used on occasion is a so-called "postcard" check or check on a postcard which may be filled in and mailed.³⁰

§ 1.7. Bank money orders and personal money orders. In recent years use has been made by banks and others of so-called "bank money orders" and "personal money orders" which have

must be more than an authorization or request. U.C.C. § 3-102(1)(b).

29. U.C.C. § 3-802(1)(b). See § 1.18, *infra*.

30. *Mansion Carpets, Inc. v. Marinoff* (1965) 29 App. Div. 2d 947, 268 N.Y.S.2d 298.

31. *State v. Tyler Co. Bank* (Tex., 1925) 277 S.W.2d 625, 43 B.L.J. 296; *Ross v. Peck Iron & Metal Co.* (C.A., Va., 1959) 204 F.2d 262, 76 B.L.J. 774.

32. *Burke v. Mission Bay Yacht Sales* (1963) 214 Cal. App. 2d 723, 29 Cal. Rptr. 685, 80 B.L.J. 818.

33. *Kohler v. First Nat. Bank* (1930) 157 Wash. 417, 289 P. 47.

34. *Holland v. Mutual Fertilizer Co.* (1911) 8 Ga. App. 714, 70 S.E. 151.

35. *Bailey, Modern Uniform Commercial Code Forms*, No. 30.7.

36. *Bailey, Modern Uniform Commercial Code Forms*, No. 30.9.

many character: regarded as ch orders issued ar express money cashier's check, any number of : for postal mon bank money ord bank, and they issuing bank.³⁸

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37. A "money o credit instrument c ment of money to which provides for venient means of r persons not having There are three p order: the remit payee, and the dr cyclopedia of Banl Bankers Publishing 1962).

38. *Bailey, Modern Commercial Code Fo 30.13. See also N tion for Bank Mon*

39. The "Regist is a copyrighted offered to banks

BANK DEBITS

proxy nor any other single measure can be perfectly indicative of monetary trends and therefore a guide to monetary policy. But the bank credit proxy is held in high regard by the Board's chief of the Banking Section of the Division of Research and Statistics: "The availability of a sensitive current measure of bank credit trends, which the proxy represents, has contributed significantly to improving the factual foundation for the discussion, formulation, and implementation of monetary policy."

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BANK DEBITS The Division of Research and Statistics of the Board of Governors of the Federal Reserve System announced in July 1972 revision of the monthly data prepared for bank debits and for deposits for the 233 Standard Metropolitan Statistical Areas (SMSA's) reporting in the bank debits, deposits, and deposit turnover series. This revision, the first major change since March 1967, incorporated the following statistical improvements:

1. Seasonal adjustments. Trading-day adjustments were recalculated and applied to the debits data, and seasonal adjustments have been recalculated and applied to the debits data, and seasonal adjustments have been recalculated and applied to both debits and deposits data for all SMSA's on the Board's national series.

2. SMSA coverage. The series also were revised to reflect major changes that had been made in the boundaries of SMSA since the previous revision.

Data are shown for all 233 SMSA's and for 232 excluding New York City; for leading SMSA's — for New York City, and for six others combined — and for 226 excluding the leading ones. In addition to the figures that they collect for the centers that appear in the national series published in the *Federal Reserve Bulletin* monthly, after public release, by the Board of Governors, some of the district Federal Reserve Banks collect and publish in their regional releases data for SMSA's and centers that are not in the national series.

The national figures for debits (at annual rates) and for end-of-month deposits are aggregates of seasonally adjusted SMSA totals prepared by the Federal Reserve Banks. The annual rate of turnover is calculated monthly from the aggregate of these debits and the average of two deposits figures — one for the current and one for the preceding month-end.

The account coverage of the debits series, which measures the extent to which depositors are using their checking accounts, continues to include debits to demand deposit accounts of individuals, partnerships, and corporations (IPC deposits), and of States and political subdivisions; it excludes, however, debits to U.S. Government, interbank, and time deposit accounts.

Summary. — As indicated, bank debits make possible the estimates of turnover of demand deposits, and hence of velocity of demand deposits, which are the largest single component, quantitatively, of the "Money Supply". Multiplied by the velocity factor, however, the aggregates of demand deposits provide what might be termed Effective Money Supply, reflecting both the aggregate and the intensity of usage of demand deposits. In the exercise of Monetary Policy through affecting the Money Supply, Velocity is the most difficult factor to control: an increase in the Money Supply might be offset by decrease in Velocity, while a decrease in the Money Supply might similarly be offset by increase in Velocity.

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BANK DEPOSIT

See BANK ACCOUNT, DEMAND DEPOSITS, DEPOSITS, TIME DEPOSITS.

BANK DEPOSIT INSURANCE ACT The name given to the Act of July 16, 1934, which extended to July 30, 1935 the temporary plan for insurance of bank deposits originally set up by the BANKING ACT OF 1933. Public Resolution of June 28, 1935 further extended the temporary plan for insurance of commercial bank deposits to August 31, 1935. Permanent deposit insurance was provided by the BANKING ACT OF 1935, approved August 23, 1935. On September 21, 1950, the "Federal Deposit Insurance Act" as such (64 Stat. 873; 16 U.S.C. 1811-1831) was made a separate independent law, with numerous amendments, representing its withdrawal from Section 12B of the Federal Reserve Act as amended, which previously had carried the bank deposit insurance act and amendments.

BANK DIRECTORS

See DIRECTORS.

BANK DISCOUNT

BANK DRAFT A sight or demand draft, drawn by one bank as drawer upon another bank as drawee. Such an instrument is to be distinguished from a CASHIER'S CHECK.

Domestically, bank drafts purchasable at small fee by a bank's customers provide a highly acceptable instrument of DOMESTIC EXCHANGE. For example, "New York Funds" would be readily provided by the bank draft of an interior bank, drawn on its New York City correspondent bank, purchased by the interior bank's customer faced with the necessity of payment in New York City, as compared to local check.

In FOREIGN EXCHANGE, bankers' sight or demand drafts, drawn on balances maintained with foreign bank correspondents, provide a demand form of payment in the foreign currency concerned which may be available at "spot" rates if the distance involved permits quick air-mail arrival of the instruments.

See BANK ACCEPTANCE, DRAFT.

See BANK OCCUPATIONS, PERSONNEL DEPARTMENT.

BANK EQUIPMENT As the result of Automation of bank operations, the use of electronic equipment, equipment in the modernized bank may be classified in two categories, the conventional and the electronic.

Conventional bank equipment includes such manual, semi-automatic and automatic items as the following: adding machine, adding typewriter, addressing machine, annunciator, automatic typewriter, bookkeeping and billing machine, calculating machine, cash register, check cancellation machine, check encoding machine, check projecting and writing machine, check sorter, check sorters (vertical, flat, and rotating), coin counters, counters, trays and wrappers, coupon cutter, dictaphone, dictation machine, duplicator, dry copier, endorsing machine, envelope sealing machine, files (elevator, power, rotary, and visible), folding machine, letter opener, mailing machine, microfilm processor, mimeograph, multigraph, numbering machine, paper destroyer, perforating machine, photostat, posting machine, posting tray cabinets, proof machine, receipt machine, Recordak equipment, stamp affixing machine, tabulating equipment, telautograph, time dating stamp, time lock, time recording machine, transit machine, typewriters (manual, electric).

Electronic bank equipment includes electronic bookkeeping machines; MICR (Magnetic Ink Character Recognition) check equipment, including electronic reader-sorter and computer; electronic data processing equipment, including punched card tabulating equipment, sorting machine, tabulating and printing machine, and computer; TV bank protection units, including TV cameras; TV bank signature verifier; videotape recorder; tape listers; selective tape printers; on-line disk files; electronic accounting computer; data communication equipment.

Bank "equipment", comprehensive, includes all movable furniture and fixtures of the bank. By contrast, bank "premises" includes vaults, fixed machinery and equipment, parking lots owned adjoining or not adjoining the bank premises that are used by customers or employees, and potential building sites. Equipment expenses include normal and recurring depreciation

EXHIBIT 5. B

Effective November 24, 1960, the supplement to Regulation D was amended to permit member banks to count all of their currency and coin as part of their required reserves; and effective the same date, the supplement was further amended to increase the reserve requirement against net demand deposits of banks not classified as central reserve or reserve city banks from 11% to 12%. Effective December 1, 1960, the supplement was also amended to reduce the reserve requirement of central reserve city banks against net demand deposits from 17 1/2% to 16 1/2%. Authority of the Board of Governors of the Federal Reserve System to classify or to reclassify cities as central reserve cities terminated effective July 28, 1962 (see below).

Counting vault cash toward required reserves by member banks also removed an inequity in comparison with non-member banks so permitted. Of the 47 States which have legal reserve requirements for commercial banks, the Economic Policy Commission of the American Bankers Association pointed out, 10 specifically require that part of the reserve be kept in cash form; and nine other States have no specific vault cash requirement but allow full reserve credit for vault cash. Allowance of reserve credit for vault cash, it is felt, would encourage more rural banks to join the Federal Reserve System.

P.L. 86-114 (supra), which has provided allowance of reserve credit for vault cash, also amended the Federal Reserve Act so as to change the minimum and maximum legal reserve requirements of member banks in reserve cities and central reserve cities; and to provide for termination of the classification of "central reserve cities" on July 28, 1962. For details of the major revision in 1972 of legal requirements against demand deposits, see RESERVES.

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CASH TRADE A transaction in securities, grain, real estate, etc., in which cash in full is paid for immediate delivery, possession, and title.

See FOR CASH.

CASHIER A term commonly applied to a person who receives and disburses money for a business. In banking, an officer who is responsible for the custody of the bank's assets and whose signature is required on all official documents. While other higher officers of a bank may delegate their authority, or act as "dummies," a cashier never does so, even in the largest banks. His duties vary according to the size of the bank. Usually he is the chief administrative officer and has direct charge of the bank's operations, and corresponds to the general manager in a mercantile or industrial establishment. Among large banks the duties of the cashier are so numerous that Assistant Cashiers are appointed to administer separate assigned functions and have authority to sign instruments in the same manner as the cashier.

CASHIER'S ACCOUNT

CASHIER'S CHECK A bank's own check; a check drawn upon a bank and signed by its cashier, or assistant cashier, being a direct obligation of the bank. Cashier's checks are issued to borrowers when loans are made in lieu of a deposit credit or actual cash, sold to customers for remittance purposes, and issued in payment of the bank's own obligations, money transfers, etc. When a cashier's check is issued it becomes a credit, and upon its return through the clearing house or otherwise, a debit to the cashier's account. Cancelled cashier's checks are preserved as vouchers in the bank's files.

insurance other than life or fire and marine insurance, and including such lines as automobile liability, workmen's compensation and accident and health, the three largest lines in volume, and miscellaneous lines such as automobile property damage, liability other than automobile, automobile collision, fidelity, surety, plate glass, steam boiler, etc.

See INSURANCE.

CATS AND DOGS An expression used to denote highly speculative securities. It is particularly applied to non-income-bearing stocks of uncertain or no value; stocks acknowledged to be a gamble because the underlying properties are not yet developed, and which are worthless as bank collateral.

CATTLE LOAN COMPANY A company organized for the purpose of lending its credit to cattlemen for the purchase, raising, and marketing of cattle or other live stock. It is referred to in the Federal Reserve Act as livestock loan companies. They are sometimes separate companies, but in many instances are affiliated with or owned or controlled by State or national banks, located at or near the large stockyards, or in producing centers. In many instances these institutions are connected with banks specializing in the livestock business, and use the same building and officers. As affiliates, these companies are excepted from the restrictions contained in Section 23-A of the Federal Reserve Act as to loans and investments to affiliates or collateral loans on their obligations, the ordinary restrictions on loans and investments being applicable.

The function of a cattle loan company is to relieve the commercial banks from the burden of carrying cattle paper, which under normal circumstances amounts to millions of dollars. Very often these companies act as middlemen between cattlemen-borrowers and the ultimate investors, i.e., the banks in the large centers. Some classes of cattle paper are also eligible for rediscount and for market purchases by the Federal Reserve banks.

See CATTLE LOAN.

CATTLE LOANS Loans made for the purpose of financing the cattle industry, which includes the purchase or breeding, feeding, grazing, fattening, and marketing of cattle. They may be divided into three classes: feeder, stocker, and dairy loans. Feeder loans are made on beef steers ready for the last stage of feeding prior to their sale as finished beef. These loans range from 3 to 6 months' maturity. Stocker loans are made on cows for breeding purposes, and on young calves. They usually have a 6 months' maturity, subject to 3 or 4 renewals, and require about 50% margin. Dairy loans are made for the purchase of high grade cows and pure bred sires for the purpose of improving the dairy business. Their usual maturity is 12 months, subject to 4 or 5 renewals.

The procedure in making cattle loans is as follows: (1) application of the borrower; (2) sworn statement of the financial condition of the borrower; (3) inspection of borrower's cattle with reference to location, brands, number, approximate weight per head, etc.; (4) search of records to ascertain whether any liens against the borrower's real or personal property exist; (5) execution of chattel mortgage in which the market value is usually at least 20% above the amount of the loan; and (6) execution of the note.

Under Sec. 5200, par. (7) of the Revised Statutes, which contains limitations on loans by National banks (also applicable to State member banks) to any one person or obligations of any person in the form of negotiable instruments secured by shipping documents or instruments of title covering livestock or giving a lien on livestock, which are secured 11% by such collateral, are limited to another 15% of capital and surplus in addition to the basic 10% of capital and surplus limitation. P.L. 86-251, enacted September 9, 1959, added a new sentence to this paragraph, similarly permitting National banks (and thus State member banks) to make loans up to 25% of capital and surplus (rather than up to 10% previously applicable general limitation) to dealers in dairy cattle when the obligations carry a full recourse endorsement or unconditional guaranty of the seller and receipt of the sale of dairy cattle.

See CATTLE LOAN COMPANY.

CEDULE In Europe, where the warehouse receipts issued in duplicate, the "receipt", also called the "cedule" copy, used in transfers or assignments, as compared with the "warrant" or "bulletin" copy used as collateral for loans. In the United States, the warehouse receipt is not so issued in duplicate.

See WAREHOUSE RECEIPT.

EXHIBIT 5.C

..... Bank
No. New York, N.Y., 19
This certifies that there has been deposited in this bank the
sum of Dollars \$.....
Payable to the order of
on the day of 19
with interest thereon at the rate of per cent per annum,
upon presentation and surrender of this Certificate at this
Bank.

Authorized Signature

CERTIFICATE OF INCORPORATION The charter or franchise which the original incorporators of a company receive from the Secretary of State of the State of incorporation, legally empowering it to act as a corporation.

CAPITAL STOCK.

A certificate of incorporation for each type of bank or trust company must be applied for from the proper authority. Application for a National bank charter is made to the Comptroller of the Currency. Organizing State banks and trust companies apply to the proper State authority known under different titles, e.g., Superintendent of Banks (New York), Commissioner of Banking (Massachusetts), Auditor (Illinois). A typical certificate of incorporation for all types of banking institutions contains the following information: (1) name of bank, (2) location, (3) capital and number of shares, (4) name, address, financial worth, and number of shares of each stockholder, and (5) that the certificate is made in order to take advantage of either the National or State banking laws. The certificate is executed in duplicate; one copy for the Comptroller of the Currency (or State banking department), and the other for the bank.

See ARTICLES OF ASSOCIATION, ORGANIZATION CERTIFICATE.

CERTIFICATE OF INDEBTEDNESS A short term note, corporate or issued by a governmental body, representing floating indebtedness (current debt). A corporate certificate of indebtedness is merely an unsecured promissory note, the holder having a general creditor's recourse against the unpledged general assets. U.S. Treasury Certificates of Indebtedness are obligations with maturity of not over one year, which have been issued in the past with and without coupons. Since 1922 Certificates of Indebtedness were being replaced by Treasury Bills as the U.S. Treasury's instruments of short-term financing and since 1966 none have been outstanding. When outstanding Certificates of Indebtedness have been acceptable collateral for secure deposits of Government moneys. However, they have not been acceptable to pay taxes, and income therefrom has been subject to all Federal income taxes. Certificates of Indebtedness have been issued in bearer form, in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$1,000,000, \$10,000,000, and \$500,000,000. The latter two denominations available only on certain issues in the past. When available, Treasury Certificates of Indebtedness have been suitable for the secondary reserve portion of investment accounts of commercial banks, as well for investment of tax reserves and other liquidity needs of corporations and other business units.

See U.S. GOVERNMENT SECURITIES.

CERTIFICATE OF INSPECTION This certificate, a combined certificate of weight and inspection, is a document which an importer may require the foreign seller to accompany the bill of exchange drawn against the shipment in accordance with the terms of the applicable letter of credit. It is prepared by a trade association or commission authorized to make inspection tests, and gives a description of the goods shipped by package, boxes, barrels, weight, contents, markings, etc., but without prices. This instrument is frequently required in the shipment of heavy and bulky materials and differs from a certificate of analysis in that the latter usually applies to goods of high value and small bulk.

See LETTERS OF CREDIT.

CERTIFICATE OF ORIGIN A certificate sometimes required by an importer to ensure that merchandise has originated in a country in which it was intended to be purchased, and is not being relayed through another country. An importer sometimes desires to protect himself against purchasing goods of a belligerent country which may masquerade as coming from another. A certificate of origin contains practically the same information as a seller's invoice, gross and net weight stated, but price omitted.

In each case the chief purpose of this certificate is to protect the most favored nation clause in the customs tariff.

See LETTERS OF CREDIT.

CERTIFICATE OF PROTEST

See NEGOTIAL PROTEST CERTIFICATE.

CERTIFICATE OF STOCK

See STOCK CERTIFICATE.

CERTIFICATE OF WEIGHT

See CERTIFICATE OF INSPECTION.

CERTIFICATED STOCKS Those amounts of a commodity which are stored in warehouses approved by a commodity exchange, and which are certified as being deliverable on future contracts.

See FUTURES.

CERTIFICATION DEPARTMENT The department of a bank which certifies checks. Among small banks checks are certified at the paying teller's window, but larger banks maintain a separate window or windows, usually adjacent to the paying teller's window, whenever the volume of certification business is sufficiently large to warrant a separation of functions. The certification of checks is a part of the paying teller's functions, because certifying a check is equivalent to paying it.

See CERTIFIED CHECKS.

CERTIFICATIONS

CERTIFIED CHECK A check which certifies that the signature of the drawer is genuine and that the depositor has sufficient funds on deposit for its payment. The amount certified is then set aside for the express purpose of paying the check and payment cannot be refused because of insufficient funds. When a bank certifies a check, certification is acceptance, i.e., the check becomes a obligation of the bank, instead of being an order on the bank. It is incorrect, however, to say that the bank "guarantees" payment of the check.

The new *Uniform Commercial Code* (sec. 3-411 (2)) now makes specific the point that unless otherwise agreed, a bank has no obligation to certify a check. When a check is presented at the window for certification, the drawer's account in the ledger is first inspected to see that sufficient funds are on deposit to cover the amount which is immediately deducted from the drawer's deposit balance before the check is certified. Certification consists of stamping or writing across the face of the check the word, "Certified" or "Accepted", together with the date, the bank's title, and signature of the officer authorized to make certification.

Since a certified check becomes an obligation of the bank, when a check is certified the drawer's account is reduced (charged) and "Certified Checks" account (in the general ledger) is increased (credited). When certified checks are returned through the clearing house or other channels, the account "Certified Checks" is reduced (charged). Thus the balance of this account represents the total certified checks outstanding.

Although a bank is not obliged by law to certify checks for its customers, among the banks in the larger cities, especially in New York, certification business forms a very important service, especially for customers who deal in securities. Certified checks are also extensively used in those types of business where it is important to receive the equivalent of cash, without at the same time using cash, such as in brokerage and security transactions, payments of loans, and real estate transfers.

CERTIFIED PUBLIC ACCOUNTANT

A check may be certified at the instance of either the holder or drawer. Where a holder obtains the certification, the drawer and all prior indorsers are discharged (sec. 3-411 (1), *Uniform Commercial Code*). On the other hand, certification obtained by drawer of the check still leaves him liable in the event the certifying bank should fail, before the check is presented for payment. A bank may certify a check before returning it for lack of proper indorsement, but if it does so, the drawer is discharged (sec. 3-411 (3), *Uniform Commercial Code*).

tant to whom a State has given a certificate to the effect that he has met its requirements as to age, education, experience, and technical qualifications, as shown by the fact that he has passed the prescribed examination. The holder of such a certificate is permitted to use the designation "Certified Public Accountant," or the letters "C.P.A.," as an abbreviation, within the State of issue.

State requirements for the C.P.A. certification generally require that a candidate (1) be a citizen and of high moral character, etc.; (2) have adequate educational prerequisites (some States require a college degree, with major in accounting others, at the very least, a high school diploma). Key requirements are to pass a comprehensive examination in accounting, both theory and practice; auditing; business law; and in some States, in Economics. The examination is prepared by the American Institute of Certified Public Accountants. In addition, the candidate is required to have one to 5-years' experience in the offices of a C.P.A. or the equivalent. Interested parties are referred to the State Education Department or other appropriate agency of the State in which they intend to become candidates, in order to obtain the specific requirements in the State concerned.

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CESTUI QUE TRUST. The beneficiary of a trust, or the person in whose favor a trust operates. The cestui que trust holds the equitable title to an estate, while the trustee holds the legal title.

See TRUSTS.

CHAIN BANKING. As defined by the Board of Governors of the Federal Reserve System, "chain banking" indicates a type of multiple office banking in which the operations or policies of at least three independently incorporated banks are controlled by one or more individuals. This control may be accomplished through stock ownership, common directors, or in any other manner permitted by law. Generally speaking, chain systems are built around a key bank that is considerably larger than the other banks in the chain.

See BRANCH BANKING, GROUP BANKING.

CHAIN STORES. Development of chain stores in the U.S.A. was a sequential rather than a direct accompaniment of mass production methods. By furnishing many retail outlets served by central warehouses, all under one general control, chain store organization is a form of mass merchandising which is the inevitable answer to mass production. Although the movement began in the '90s, the F. W. Woolworth chain being the oldest of the important systems, a rapid expansion began in the decade 1921-1930; so rapid, in fact, that by 1929 competition among the various chains effected a retardation of sales growth and profit margin. A fresh surge of expansion had occurred in the post-World War II period, caused by such factors as increase in population, rise in the general standard of living, the shift of population from the cities to suburbia and "exurbia", the rise of shopping centers, and the popularization of the home freezer and giant-sized refrigerator. These factors have led particularly to development of the "supermarket" in the food field, with its emphasis on larger space and larger sales per customer.

In principle, chain stores offer an ideal plan of distribution of standardized non-perishable merchandise, the demand for which

constantly recurring, and in which the style factor is unimportant. Chains are particularly adapted to the following lines: variety ("five and tens", although even they have long since abandoned such price limits), groceries, apparel, candy, gasoline stations, lunchettes, restaurants, sporting goods, radio and TV music shops (including records), household appliances, tobacco, "big" stores (actually variety stores with pharmaceutical backstop), and automobile accessories. By eliminating middlemen, credit customers, deliveries (not always), elevator service and expensive overhead charges, the aim is to place merchandise in the hands of the consumer at a minimum of make-up per unit, on a low-cost, self-service basis. The supermarket in particular has been able to achieve large sales per customer and per store because of self-service, large wheeled market baskets, readily accessible and attractively displayed goods, centralized high-speed checking stations, and loading of customer's car in the convenient parking space provided.

In the grocery trade, especially, the rise of supermarkets, mostly under chain control, and the mergers of small chains by larger chains have led to a continuous rise in the proportion of grocery business done by organizations with 11 or more retail outlets.

Thus, based on new revised series, 1971 sales of All Grocery Stores rose 4% to new high record of \$82,793 million, compared with \$79,756 million in 1970; compared to rise of 5% for 1971 for grocery stores of organizations operating 11 or more retail stores, from \$33,183 million to \$45,235 million, thus accounting for new high of 55% of all grocery store sales for 1971, compared to 54% in 1970, and compared to 44% (old series data) in the early '60s.

All 1970, annual sales of organization operating 11 or more retail stores showed an increase of 7% in 1971 over 1970 for all kinds of businesses combined. Multiple organizations particularly accounted in 1971 for sales in their chains of as high as 76% of total sales, in the general merchandise groups and as high as 87% in the department stores group, both even higher "chain store" proportions than in the grocery field.

Vertical Integration. — The large grocery chains and many of the smaller chains in this field have integrated "backwards" to the processing stage, operating their own dairies, bakeries, cheese manufacturing plants, coffee roasting plants, meat packing plants, canneries, etc., leading to heavy volume of their own sponsored brands for distribution in their stores in competition with established national brands. Similarly, the mail order houses, operating chains of retail outlets, have a large volume in their own sponsored brands of various types of goods. Besides profitable control over pricing and quality characteristics, another advantage of such integration is the bargaining position of such chains in distribution of competing brand and goods.

Public Policy. — The rise of the giant, integrate and integrated chains has posed problems for them in regard to the anti-trust laws, alleged price discrimination practices, and discriminatory State taxation. Chains, however, have adjusted successfully to these reactions against their bigness, although these factors continue to be problems. In particular, the growth of chains has antagonized independent retail merchants. The late Edward A. Filene, head of one of the largest department stores in the country, years ago went so far as to predict that chain stores would drive the individual merchant out of business. Although the independent cannot hope to compete with the chain in mass buying and mass distribution, there is a definite place for the independent merchant in providing differences in goods carried, service, hours of operation, and "place utility" of locational convenience, even in such a line as groceries which is highly amenable to chain store organization and operation.

Chain Store Management. — In no line of merchandising is efficient management more important than in chain store operation. Upon the judgment and experience of the central executive staff depends the success of every store. Standardized operations make it possible to centralize chain store control. A trained staff, that a number would formerly have been needed for a single large store, can successfully control the operation of fifty or more chain units. Detailed accounting systems keep the executives informed as to the progress or lack of progress of individual stores. Perpetual inventories keep them in close touch with changes in public demand and ware turnover. Elements of good management include: (1) purchases have to be so handled

CHATTEL MORTGAGE

CHATTEL MORTGAGE A mortgage with chattel instead of real property given as security. Movable goods (personal property) such as railroad equipment, machinery, furniture, automobiles or trucks, livestock, crops, etc., may be the chattels pledged in a chattel mortgage. In form, the chattel mortgage is like the real estate mortgage, constituting a defeasible conveyance of the pledged property as security for the loan, as well as the promissory note evidencing the personal promise to pay the debt. One important similarity of both real property mortgages and chattel mortgages is that ordinarily there can be no substitution of collateral, the mortgage in each case applying to the specific items described therein; thus in chattel mortgage cases should be taken to assure ready identification of the specific items covered, because their movability makes them liable to unauthorized substitution. "After-acquired-property clauses" however, although upheld in real property mortgages as additions and betterments to the mortgaged property, are not upheld in a chattel mortgage in fact they are sought to apply to additional items of personal property.

Chattel mortgages nevertheless are preferred by most lenders in financing personal property transactions, to the condition bill of sale. In various States, statutes control strictly the terms and procedure in detail of conditional bill of sale transactions and repossessions, whereas the chattel mortgage would not so rigidly control the lender's recourse pursuant to mortgage provisions.

With expansion in *Consumer Credit* and other forms of lending on personal property in modern times, chattel mortgages have long since ceased to be regarded as a sign of weakness in a creditor.

CHEAP MONEY An expression used to denote money

CHECK As defined by the *Uniform Commercial Code* (sec. 3-104) and by the British Bills of Exchange Act, a check is: "a bill of exchange drawn on a bank, payable on demand." Commentators usually treat checks under the general classification of bills of exchange, but checks differ from bills of exchange also in that they purport to be drawn against a deposit, and are always payable on demand.

As defined by the Board of Governors of the Federal Reserve System (footnote to Regulation J, pertaining to Check Clearing and Collection), "a check is generally defined as a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to the order of a certain person therein named, or to him or his order, or to bearer, and payable on demand."

Under the *Uniform Commercial Code*, checks (along with drafts, certificates of deposit, and notes) are "commercial paper", covered specifically by Art. 3 of the Code, which represents a complete revision and modernization of the *Uniform Negotiable Instruments Law*. All such "commercial paper" under Art. 3 must have the attributes of negotiability (signed by the maker or drawer; containing an unconditional promise or order to pay a sum certain in money and no other promise, order, obligation or power given by the maker or drawer except as authorized by this Article; payable on demand or at a definite time; and payable to order or to bearer); and if it is a draft drawn on a bank and payable on demand, it is a "check".

Other definitions of a check are: (1) a written order drawn by a depositor upon his bank to pay a sum of money to a designated party; (2) an order on a bank (drawee) by a depositor (drawer, maker or payer) to pay a certain sum of money to a third party (payee); (3) an order upon a bank or banker for the payment of money to a stated party out of funds credited to the account of the drawer. While a check from a legal point of view is an order calling for the payment of money, in actual practice it is rather an order for transferring bank credit used as a substitute for money from one account to another.

The essential elements of a check are: (1) the words of negotiability — "order" or "bearer" — express or implied. The phrase "Pay to the order of" imparts negotiability to the check and makes it an unconditional promise to pay upon demand. The single word "Pay" if used makes such a check not negotiable, i.e., payable only to the person named as the payee; (2) name of payee — person in whose favor the check is drawn. Checks are

sometimes made out payable to Self, Currency, Bearer or Cash, which makes them payable to bearer; (3) amount payable in figures; (4) amount payable in written words; (5) name and location of drawee bank; (6) signature of drawer or maker. In the case of some corporations the signature and counter signatures of designated officers are necessary. The signature is the final touch without which the check is valueless; (7) indorsement. The check should be indorsed as drawn, either in blank or by a special or other indorsement.

The non-essential but convenient elements of a check are: (1) location (name of city in which maker or drawer is located); (2) date of drawing the check; (3) number of the check; (4) transit number, indicating the name and location of the drawee bank according to the universal numerical transit system.

In cashing checks, the paying-teller observes the following points to insure against irregularities, informalities, or discrepancies which, if unnoticed, might involve the drawee bank in a loss; identification of presenting party; date, filling, alterations; signature (authority to sign and forgery); stop payment; financial responsibility; whether a home debit or drawn on another bank; indorsement.

Checks should not be dated ahead (post dated), otherwise they are, in effect, time bills of exchange. Checks should be presented promptly. "In the case of an uncertified check which is drawn and payable within the United States and which is not a draft drawn by a bank the following are presumed to be reasonable periods within which to present for payment or to initiate bank collection: (a) with respect to the liability of the drawer, thirty days after date or issue whichever is later; and (b) with respect to the liability of an indorser, seven days after his indorsement" (sec. 3-503(2), *Uniform Commercial Code*). Banks usually refuse to honor checks more than six months old. These are known as **STALE CHECKS**, since when checks are not presented within a reasonable time after they are drawn there arises a presumption of irregularity. The date is not an essential element of a check, and an undated check is valid.

The amount written in words should agree with the amount written in figures and when there is a discrepancy between the two the amount denoted by the words is the sum payable.

A bank is usually responsible to its customer for paying raised or altered checks. A number of mechanical devices have been invented to prevent the fraudulent alteration of checks.

SEE CHECK PROTECTING DEVICES.

A bank is not required to make a partial payment on a check whenever the drawer has insufficient funds to his credit to make payment in full. Checks made payable to Cash, Currency, or Self, legally require no indorsement when presented by the drawer, but as a matter of practice, paying tellers request indorsement as a type of receipt. In case the drawer himself does not present the check so drawn, the indorsement of the presenter, the drawer's representative, should be requested by the paying teller.

Checks may be classified according to method of collection into five groups: (1) checks drawn on the bank in which they are deposited for credit or cashed over the paying teller's window, known as "own checks," "self checks," or "home debits"; (2) checks drawn on banks in the same city and which will be paid through the clearing house, known as "clearing house checks"; (3) checks drawn on banks, corporations, and individuals in the same city which are not members of the clearing house and which must be presented for payment either through the city collection department of the clearing house, or directly by messengers; (4) checks drawn on banks located at various out-of-town points which must be collected through the Federal Reserve Clearing System, or through correspondents or other collecting agents, known as out-of-town checks, transit checks, or foreign checks, and (5) checks drawn on, or issued by a bank located in a foreign country.

SEE ALTERATION, CASHIER'S CHECK, CERTIFIED CHECK, CHECK BOOK, CHECKING ACCOUNT, COMMERCIAL CODE, CREDIT INSTRUMENTS, CROSSED CHECKS, DATE, FILLING, FORGED INSTRUMENTS, NEGOTIABLE INSTRUMENTS LAW, SIGNATURE, TRAVELERS CHEQUES, VOUCHER CHECK.

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EXHIBIT S. E

DOW THEORY

St. Louis	4.25s	Los Angeles	4.25s
Houston	4.65s	California	4.00s
Kansas City	4.00s	New Orleans	4.50s
Missouri	4.00s	Detroit	4.50s
Chicago	4.00s	Cleveland	4.00s

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 The Dow Jones Investor's Handbook, Annual.

DOW JONES STOCK AVERAGES Yearly Range

	30 Industrials		20 Transport Cos.		15 Utilities	
	High	Low	High	Low	High	Low
1929	381.17	198.00	189.11	128.07	144.61	77.72
1930	294.07	157.51	157.94	91.65	108.62	55.14
1931	194.36	72.79	111.58	31.42	73.40	30.55
1932	88.78	21.22	41.30	13.23	36.11	16.53
1933	108.67	50.16	56.53	23.43	37.88	19.33
1934	110.70	85.51	52.97	33.19	37.03	16.83
1935	148.00	96.71	41.84	27.31	37.78	14.46
1936	182.90	143.11	59.89	40.66	36.08	28.63
1937	224.40	113.64	64.46	28.91	37.54	19.65
1938	258.41	98.95	33.98	19.00	25.19	15.14
1939	155.92	121.44	35.90	24.04	27.10	20.71
1940	152.80	111.84	32.67	27.14	26.45	18.03
1941	133.59	106.34	30.88	24.25	20.65	13.51
1942	119.71	92.92	29.28	23.31	14.94	10.58
1943	145.82	119.26	38.36	27.59	22.30	14.69
1944	152.53	134.22	48.00	33.45	26.37	21.74
1945	195.82	151.35	64.79	47.03	39.15	26.15
1946	212.50	163.12	55.31	44.69	43.74	33.20
1947	186.85	163.21	53.42	41.16	37.55	32.20
1948	193.16	165.39	64.95	48.13	36.04	31.00
1949	200.52	161.60	54.29	41.03	41.31	30.06
1950	235.47	196.51	77.89	51.24	44.26	37.40
1951	276.37	230.99	90.08	72.39	47.22	41.47
1952	292.00	256.35	112.53	82.03	52.64	47.53
1953	293.79	255.49	112.21	90.56	53.80	47.87
1954	404.39	279.87	146.23	94.84	62.00	52.22
1955	488.00	388.20	167.83	137.84	65.58	61.39
1956	521.95	462.35	181.23	150.44	71.17	63.03
1957	570.77	419.79	157.67	95.67	74.61	62.10
1958	533.65	436.89	157.91	99.89	91.00	68.94
1959	679.36	574.46	173.56	146.60	94.70	85.05
1960	685.47	566.05	160.43	123.07	100.07	85.00
1961	734.91	610.25	152.92	127.06	135.90	99.70
1962	726.01	535.76	149.83	114.86	130.85	103.10
1963	767.21	646.79	179.46	142.03	144.37	129.10
1964	891.71	766.08	224.91	178.81	155.71	137.30
1965	969.26	840.59	249.00	187.29	163.32	149.80
1966	995.15	744.32	270.72	184.34	152.39	118.90
1967	943.08	786.41	277.49	205.16	140.43	120.90
1968	985.21	825.13	279.48	214.58	141.30	119.70
1969	968.85	769.93	279.88	169.03	139.95	106.00
1970	842.00	631.10	183.31	116.69	121.84	98.00
1971	950.82	797.00	248.33	169.70	128.39	105.00
1972	1036.27	830.15	275.71	212.24	124.14	105.00

* Called the Railroad Average through Dec. 31, 1969.
 Source — Dow Jones & Co., Inc.

DOW THEORY A theory of stock price movement, based upon interpretation of action of the Dow Jones Averages (Industrial and Transportation Companies) for indication of direction of the "primary trend" (major upward or downward movement). "Secondary movements" (pullbacks in a primary uptrend or reactions in a primary downtrend) are temporary reversals of the primary trend. The daily fluctuations are considered to be of no value individually, but collectively make up the first two movements. Closes for the Industrials and the

Transportation Companies (formerly the Railroad Average) only are used as basic data. The primary trend is likened to the tide; the secondary movements, to the waves; and the daily fluctuations, to the ripples. The forecasting aim of applying the Dow Theory is to determine the direction of the primary trend (tide). The primary movement, once established, continues in the same direction, although interrupted by secondary movements, until there is a "confirmation" of change in direction. The Industrials must be confirmed by the Transportation Companies or vice versa, in the indication of change in primary trend.

"Confirmation" in Dow Theory literature may occur (1) on breakouts by both Averages in either direction, up or down, from a narrow band of fluctuations ("line"); (2) by new highs or lows made on secondary movements by both Averages. The latter interpretation is preferred by Dow Theorists of modern times. In a "bull market," a secondary rise is followed by secondary reaction, the rise must exceed the previous secondary peak and the low on the secondary reaction must not fall below the low of the previous secondary reaction. If this happens, the direction on the primary trend continues upward. If, however, both Averages fail in their secondary movements to sustain the primary trend, (e.g. secondary movement high fails to penetrate previous secondary high; and secondary movement low penetrates below the previous secondary low), a change in direction of the primary trend is confirmed from uptrend ("bull market") to downtrend ("bear market"). The new primary trend will continue in that direction, again interrupted by secondary movements, until a new confirmation is given of change in primary trend. Each average must confirm the other, even if it involves a time lag so that the signal of change in direction of primary trend is late.

The "Dow Theory" evolved from the editorials of Charles H. Dow, founder of the Dow Jones & Co., Inc., in the Wall Street Journal at the turn of the century. The "Dow Theory" is first found labeled as such in S. A. Nelson's *The A B C of Speculation* (1902). William Peter Hamilton, who succeeded Dow as editor of the Wall Street Journal, particularly popularized the Dow Theory by editorials thereon, particularly his famous editorial, "A Turn in the Tide", on October 25, 1929. Although the Wall Street Journal no longer promotes the Dow Theory by editorials, etc., the Theory still has many practitioners and proponents, notwithstanding mixed results with its signals over the years.

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DRAFT A written order drawn by one party (the drawer) ordering a second party (the drawee) to pay a sum of money to a third party (the payee). Oftentimes the drawer and payee are the same party, the draft being made payable to "Ourselves". In reality, a draft is a bill of exchange, except that in this country the term draft is customarily used in domestic transactions, whereas, both terms, draft and bill of exchange, are used in foreign transactions. A draft may be made non-negotiable, but a bill of exchange cannot. Drafts have all the chief characteristics of bills of exchange.

Drafts are of three kinds: (1) sight, demand or presentation drafts, payable immediately, at sight, or on demand or presentation; (2) arrival drafts — a modification of a sight draft — payable upon the arrival of goods at the destination of the drawee and for which the draft has been drawn in payment; (3) time drafts — payable at a fixed date, or a certain number of days after date (the latter sometimes being called "days after date" drafts).

A time draft payable 30 days after sight must be presented for acceptance, and at maturity for payment. A 30-day sight draft is payable 30 days after ACCEPTANCE by the drawee, when it comes an acceptance or obligation. Upon acceptance the drawee

becomes the acceptor and principal debtor, and is bound to pay the draft at maturity. The bank at which a draft is payable should be indicated on the face of the instrument by the acceptor.

Drafts usually arise out of commercial transactions in which the buyer and seller are located at different points. A draft differs from a check in that it may be a time instrument drawn on an individual, firm, corporation or bank, and the initiative for payment of the goods is taken by the seller and not the buyer. Usually previous arrangements have been made between the buyer and the seller which permit the seller to draw drafts against the buyer in settlement of all transactions between them. Generally a shipper (seller) sends the draft drawn against the drawee (buyer) to its bank to make a presentation and collection with shipping documents attached. The shipper's bank then forwards the draft with documents to its correspondents in the city to which the goods are destined. Instructions are given to the collecting bank to surrender the bill of lading either upon acceptance or payment of the draft, the documents being referred to as "documents against acceptance," or "documents against payment," respectively.

Some drafts do not arise out of commercial transactions, but to secure payment for securities sent from one place to another, the draft being sent to a bank for collection with instructions to release the securities only upon payment. Other drafts, without documents attached, merely operate as "duns" or demands for payment of bills past due.

See ARRIVAL DRAFT, BILL OF EXCHANGE, FOREIGN BILLS OF EXCHANGE, TRADE ACCEPTANCE.

tion or bank, against which a check or draft is drawn and from which payment is expected.

DRAWER A party, whether an individual, firm, corporation or bank, who draws, i.e., makes, a check, draft, or bill of exchange. The drawer is also known as the maker. In the case of a check the drawer is a debtor, and therefore the payer, while in the case of a draft and bill of exchange the drawer is the creditor, and very often the payee.

DRAWN BONDS Bonds which have been called for redemption by lot.
See CALLED BONDS.

DRIVE An expression to indicate a sudden attack upon security or commodity values by sellers in an effort to force prices down. Section 9 of the Securities and Exchange Act of 1934 prohibits manipulative practices in such activity.
See MANIPULATION.

DROP An expression to indicate a fall in security or commodity prices.
See DECLINE.

DUE DATE The date upon which a note, draft, acceptance, bond, or other evidence of debt becomes payable; the maturity date.

See TIME TO RUN.

DUE FROM BANKS An asset account appearing in the general ledger and financial statement of a bank to indicate the aggregate amount of balances outstanding with and due from other banks.

DUE FROM BANKS COLLECTIONS A contingent asset account appearing in the general ledger and financial statements of a bank to indicate the aggregate amount of out-of-town checks in process of collection, but not yet available as cash, through the medium of collection agents or correspondent banks. When these items are collected, the amount is added to the account entitled "Due from Banks," and subtracted from this account.

DUE FROM FEDERAL RESERVE BANK (OR FEDERAL RESERVE BANK ACCOUNT) An asset account appearing in the general ledger and financial statement of a member or clearing member bank to indicate the balance due from a Federal Reserve Bank. This amount represents approximately the cash reserve required by law to be kept with the Federal Reserve Bank.

DUE FROM FEDERAL RESERVE BANK, COLLECTIONS A contingent asset account appearing in the general ledger and financial statement of a bank to indicate the aggregate of checks in the process of collection but not yet available as cash reserve through the agency of the Federal Reserve Bank. When these items are collected, the account entitled, "Due from Federal Reserve Bank," is increased, and the amount subtracted from this account.

DUE FROM FOREIGN EXCHANGE DEPARTMENT An asset account appearing upon the general ledger or financial statement of a bank to indicate the aggregate funds entrusted with the foreign department for use or investment in foreign exchange operations. The operations of a foreign department are usually considered as distinct from those of the rest of the bank, and its bookkeeping operations are kept separate. This item represents the accountability of the foreign department to the bank.

DUE TO BANKS A liability account appearing in the general ledger or financial statement of a bank to indicate the aggregate amount deposited by banks as distinguished from individuals, firms and corporations (other than banking corporations).

DULL An expression used on a stock or commodity exchange to indicate inactive trading, and that little interest is displayed in the movement of prices.

DUMMY A term used in connection with directors, officers, stockholders, etc., to indicate a person who acts for another, but who has no real responsibility or liability. He is merely placed in office to complete the number required by law or for publicity purposes.

DUMP To offer suddenly for sale large blocks of securities on the market for the purpose of disposing of them regardless of the prices offered; to unload large blocks of a security or securities.

In a commercial sense this term is used in connection with international trade. When one nation floods the market of another with large quantities of a certain commodity or commodities at prices lower than they can be purchased at home, or in other foreign countries, the foreign nation is said to be dumping its goods in the other country's market.

DUN & BRADSTREET The oldest and largest mercantile agency in the United States and of the world, supplying credit information and credit ratings on and for all types of business concerns. The present company, Dun & Bradstreet, Inc., represents an amalgamation, as of March 1, 1933, of two national credit information agencies, R. G. Dun & Co. and The Bradstreet Company.

Lewis Tappan, pioneer credit executive and originator of the idea of centralized credit reporting, was first proprietor of The Mercantile Agency, which was founded in 1841. Succession of proprietorship of The Mercantile Agency was as follows: Lewis Tappan & Co., 1841-1843; Tappan & Douglass, 1849-1854; B. Douglass & Co., 1854-1859; and R. G. Dun & Co., 1859-1933. The J. M. Bradstreet & Son's Improved Mercantile Agency was founded in 1849, and was incorporated in 1876 as The Bradstreet Company, continuing as such until the merger with R. G. Dun & Co. in 1933. John M. Bradstreet was a dry goods merchant and lawyer who had acquired a substantial file of credit information in the process of liquidating a large estate.

EXHIBIT 5.F

FEDERAL R.

Regulation T to cover all brokers and dealers and thus bring under the new Margin requirements all brokers and dealers handling Over-the-Counter accounts exclusively.

Amendments to Regulations G, T and U, effective May 6, 1970 lowered Margin requirements from 80% to 65% for credit extended by brokers, dealers, banks, and other lenders to finance purchase of stocks; and from 60% to 50% for credit extended by such persons to finance purchase of convertible bonds. No change was made in the 70% retention requirement applicable to unmarginated accounts.

See MARGIN REQUIREMENTS.

Regulation — Credit by Banks for the Purpose of Purchasing or Carrying Margin Stocks (formerly, part to amendment effective July 8, 1969, entitled Credit by Banks for the Purpose of Purchasing or Carrying Registered Stocks). See *supra* under Regulation G and Regulation T; and see MARGIN REQUIREMENTS.

Regulation V — Loan Guaranteed for Defense Production. Provides that rates of interest, guarantee fees, commitment fees, and other charges which may be made with respect to guaranteed loans and guarantees executed through the agency of any Federal Reserve Bank under the Regulation will from time to time be prescribed, either specifically or by maximum limits or otherwise, by the Board of Governors after consultation with the guaranteeing agencies designated in the Defense Production Act of 1950, as amended, and pertinent Executive Orders.

Regulation Y — Bank Holding Companies. Effective March 15, 1968, Regulation Y was revised, primarily to make the Regulation conform to the provisions of the Bank Holding Company Act amendments of 1966.

Regulation Z — This new Regulation, Truth in Lending, was adopted effective July 1, 1969 to implement Title I (Truth in Lending Act) and Title V (General Provisions) of the Consumer Credit Protection Act.

The discontinued regulations, Regulation Y and Regulation X, were terminated in 1952. Regulation W, Consumer Credit, governed down payments and length of maturities on installment credit in amounts of \$5,000 or less in connection with consumer durable goods, pursuant to the last statutory authority therefor, the Defense Production Act of 1950, amendments to which approved June 30, 1952 repealed the Board's authority for regulation of consumer credit. Effective May 7, 1952, the Board had suspended the regulation.

Regulation X, Real Estate Credit, regulated credit extended for real estate construction, residential and non-residential, by specifying maximum loan values, minimum down payments, maturities, and amortization required. Pursuant to the provisions of sec. 607 of the Defense Production Act as amended, and sec. 503 of Executive Order No. 10161, as amended, the Board with the concurrence of the Housing Home Finance Administrator, announced the beginning on September 16, 1952 of a period of residential credit control relaxation" and the suspension of the Board's Regulation X, effective September 16, 1952.

In addition to the published Regulations of the Board of Governors of the Federal Reserve System, the Board of Governors also make available their Published Interpretations of the Board of Governors, explaining points of general interest in the Regulations, which also appear in the *Federal Reserve Bulletin*. Each Federal Reserve Bank also publishes arabic-numbered circulars for "operating letters" for the guidance of its member banks on forms and procedures.

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FEDERAL RESERVE BOARD SETTLEMENTS

Settlement of balances arising among Federal Reserve Banks, arising as the result of inter-district collections.

See INTER-DISTRICT SETTLEMENT FUND.

FEDERAL RESERVE BRANCH BANKS Banks operating as branches of a Federal Reserve bank. The Federal Reserve Act authorizes Federal Reserve banks to establish branches without limit as to number under regulations approved by the Federal Reserve Board of Governors, but each branch must be within the boundaries of the Federal Reserve district of the Reserve bank which establishes it. At the date of this publication twenty-four branches had been established. As of mid-1970, however, the Federal Reserve Bank of Atlanta received the approval of the Board of Governors to plan the establishment of an additional branch for that District, at Miami, Florida.

For the boundaries of the Federal Reserve districts and the areas served by the branch banks, see map under Federal Reserve Districts.

Location of Branch Federal Reserve Banks

District	Branches
1st District, Boston	None
2nd District, New York	Buffalo
3rd District, Philadelphia	None
4th District, Cleveland	Cincinnati, Pittsburgh
5th District, Richmond	Baltimore, Charlotte
6th District, Atlanta	Birmingham, Nashville, Jacksonville, New Orleans
7th District, Chicago	Detroit
8th District, St. Louis	Louisville, Memphis, Little Rock
9th District, Minneapolis	Helena
10th District, Kansas City	Denver, Oklahoma City, Omaha
11th District, Dallas	Houston, El Paso, San Antonio
12th District, San Francisco	Seattle, Portland, Salt Lake City, Los Angeles

FEDERAL RESERVE BULLETIN The official organ of the Board of Governors of the Federal Reserve System. It is issued monthly under the direction of the staff Editorial Committee, which is responsible for opinions expressed, except in official statements and signed articles. Copy of the Federal Reserve Bulletin is sent to each member bank without charge. Member banks desiring additional copies may secure them at special annual rate (as of 1970) of \$2. Regular subscription price is \$6 per annum or 60¢ per copy, in the United States and its possessions; Bolivia, Canada, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Republic of Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, El Salvador, Uruguay, and Venezuela. Elsewhere, the subscription rate is \$7 per annum or 70¢ per copy. A rate of more copies to one address is 50¢ per copy per month, or \$5 for 12 months.

FEDERAL RESERVE CHECK COLLECTION SYSTEM The Federal Reserve Act authorizes the Board of Governors of the Federal Reserve System to require each Federal Reserve Bank to "exercise the functions of a clearing house for its member banks." Although the Federal Reserve System began operations in 1914, the check collection system was not established until July 1916.

The purpose of the Federal Reserve check collection system was to correct the defects of the methods previously employed, and particularly the following abuses: (1) circuitous routing of checks which grew out of the efforts of banks to avoid exchange charges, and which resulted in great delay in the presentation of items; (2) inequitable distribution of exchange charges between Eastern metropolitan banks and "country" banks; and (3) excessive exchange charges.

At the present time, the Federal Reserve check collection system is efficiently organized, and through its instrumentality, out-of-town items are passed directly, economically, and at par among member banks and clearing non-member banks, i.e., non-member banks on the PAR LIST. Consequently, the only banks which do not participate in this collection system are such non-member banks as are not on the par list.

FEDERAL RESERVE CIRCULATION

When a member bank transmits out-of-town checks to a Federal Reserve Bank to be collected from another member or clearing non-member bank, the sending bank is immediately credited in the collection or "float" account of the Federal Reserve Bank. That is to say, the amount of the checks so sent does not become available as reserve credit until the checks are credited as collected pursuant to the automatic timing provided by the "Schedule Showing When the Proceeds of Items Become Available" (Deferred Availability Schedule), of each Federal Reserve Bank. In this Schedule, the United States is divided geographically as to items payable at specified Federal Reserve Bank or Branch cities, and those payable at banks on the Par List in localities outside of such Bank or Branch cities. The deferred credit, after one day or after two days (depending on the cities where the items are payable) after receipt, "ripens" automatically to credit to the reserve account of the member bank at its Federal Reserve Bank. The same procedure applies as to items received on out-of-town points forwarded by non-member clearing banks, their account at the Federal Reserve Bank being a "clearing account" rather than reserve account.

Federal Reserve check routing symbol system: Expeditious collection of out-of-town checks, prepared in packages with accompanying listing of amounts of individual checks ("cash letters"), is aided by the check routing symbol system, a numerical code indicating basic information needed in collections, which was developed by the Bank Management Commission of the American Bankers Association and the Committee on Collections of the Federal Reserve System. The routing symbol for Federal Reserve Bank purposes is the denominator of a fraction, the numerator being the ABA TRANSIT NUMBER assigned to the drawee bank. The combined symbol is printed on the upper right hand corner of checks in uniform type. The routing symbol (denominator of the fraction) is composed of not less than 3 nor more than 4 consecutive digits printed close together. The code value for handling of collections may be summarized as follows:

1. In the case of a 3-digit routing symbol, the first digit indicates at a glance the particular Federal Reserve district, and the digits run from 1 to 9, as follows:

Boston	1	Atlanta	6
New York	2	Chicago	7
Philadelphia	3	St. Louis	8
Cleveland	4	Minneapolis	9
Richmond	5		

The second digit in a 3-digit routing symbol indicates the head office of the Federal Reserve Bank, or of the branch serving the territory in which the drawee bank is located. Head office is indicated by the digit "1". Branches, if any, arranged alphabetically are indicated by the figures "2" to "5". Figures "6" to "9" are reserved to indicate special collection arrangements.

The third digit in a 3-digit routing symbol indicates whether the item is receivable for immediate credit or for deferred credit without regard to the standard days of deferred availability, and the State in which the drawee bank is located. The figure "0" indicates items receivable for immediate credit, if received in time to be cleared the current day. All other figures, "1" to "9", indicate items receivable for deferred credit and also designate the State (arranged alphabetically) in which the drawee bank is located, parts of States, or certain cities.

2. In the case of a 4-digit routing symbol, the digits have the same meaning as those in a 3-digit routing symbol, except that the first two digits indicate the 10th, 11th, or 12th Federal Reserve Districts, as follows:

Kansas City	10	San Francisco	12
Dallas	11		

For Federal Reserve adaptation to the new era of automation in check handling, including use of magnetic ink-encoded checks, See **AUTOMATION**.

Federal Reserve charges for collections: Originally, in July 1916, when the Federal Reserve Banks initiated their plan for clearing and collection of checks, a charge of not exceeding 2¢ per item was made, pursuant to authorization ("if existing") in sec. 16 of the Federal Reserve Act. Charge was gradually reduced, so that by the close of 1917, the maximum charge was 1½¢ per item. As of July 1, 1918, the charge was entirely eliminated by action of the Federal Reserve Board, and it has never been reimposed.

Par and Non-Par Banks: Member banks and non-member banks clearing through the Federal Reserve Banks must agree to remit collection items at par. Each Federal Reserve Bank stands ready to collect free of charge checks as well as certain other types of non-cash transit items, but banks still prefer to utilize the services of correspondent banks for collection of non-cash transit items requiring special handling. Such items may be forwarded to correspondents, irrespective of their membership in the Federal Reserve System, but it is stipulated by the rules of the New York and other Clearing Houses that if the correspondents are in the System, items forwarded to them cannot be collected under any other terms than those prescribed by the rules governing Federal Reserve collections as regards exchange and time outstanding. It should be noted that nothing in the Federal Reserve Act or Clearing House rules prohibits banks from charging customers placing items for collection, and such collection charges are customary in properly costed accounts.

As of June 30, 1972, there were on the par list of the Federal Reserve System a total of 13,523 banks (5,715 member banks and 7,808 non-member banks), compared with 247 banks not on the par list. The par banks had total branches and offices of 23,840 locations, compared with 142 branches and offices for the non-par banks. By comparison, as of December 31, 1959 there had been 11,695 banks on the par list, and 1,690 non-par banks; and twenty years previous to that date, the total number of par banks was 11,757 banks, compared with total of 2,719 non-par banks.

See **ABA TRANSIT NUMBER, AUTOMATION, CLEARING HOUSE, FEDERAL RESERVE INTER-DISTRICT COLLECTION SYSTEM, INTER-DISTRICT SETTLEMENT FUND, SCHEDULE SHOWING WHEN PROCEEDS OF ITEMS WILL BECOME AVAILABLE.**

See FEDERAL RESERVE NOTES

FEDERAL RESERVE CITIES The cities in which the twelve Federal Reserve Banks are located. Each Federal Reserve bank has a number corresponding to the district in which it operates. The twelve Federal Reserve cities, together with the districts in which they are located, are:

1. Boston	7. Chicago
2. New York	8. St. Louis
3. Philadelphia	9. Minneapolis
4. Cleveland	10. Kansas City
5. Richmond	11. Dallas
6. Atlanta	12. San Francisco

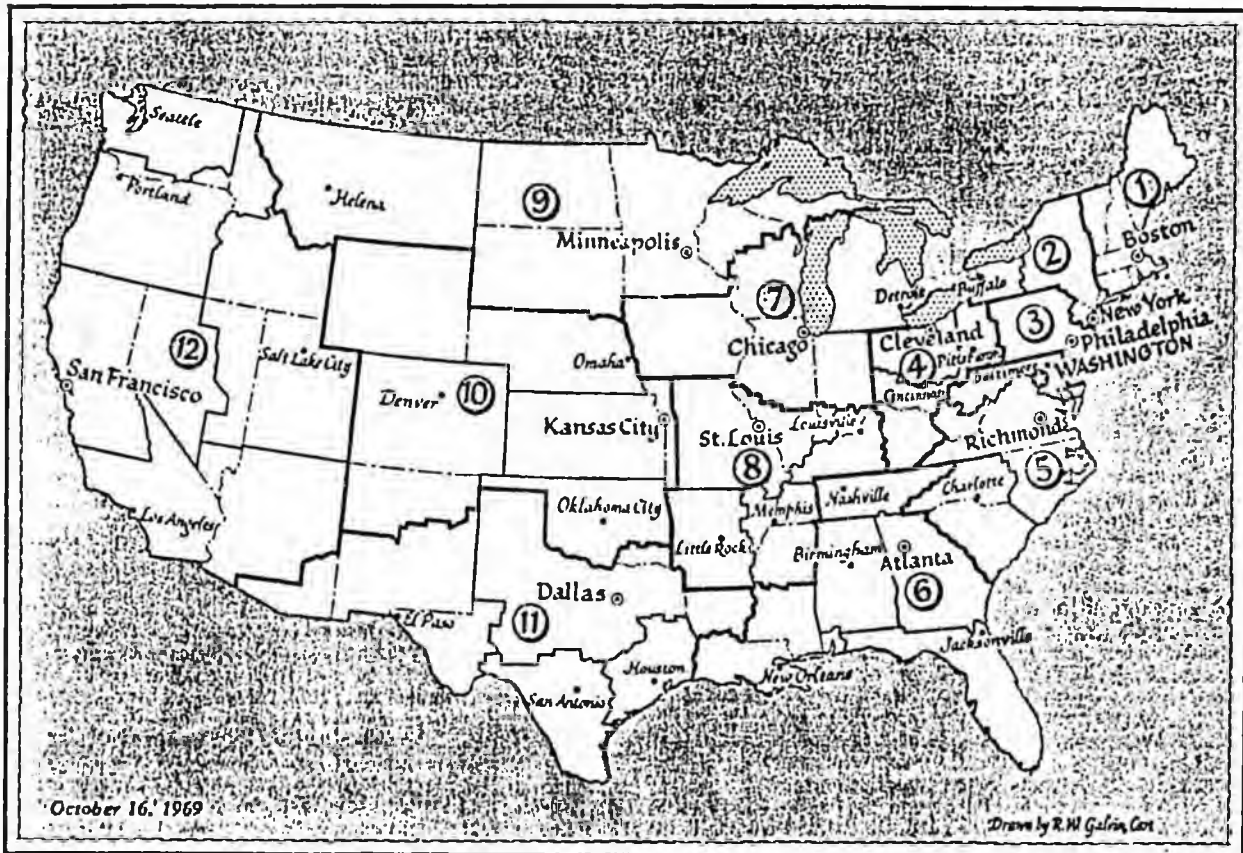
See FEDERAL RESERVE BRANCH BANKS FEDERAL RESERVE STRIP

FEDERAL RESERVE CREDIT Total volume of Federal Reserve credit outstanding to the "supply" which the Federal Reserve Banks have contributed to member bank reserves, and consists principally of earning assets of the Federal Reserve Banks: (1) bills discounted; (2) bills bought, either outright or on repurchase agreement; (3) advances to member banks; (4) discounts for member banks; (5) holdings of U.S. Government securities either outright or under repurchase agreements; and (6) all other Reserve Bank credit. Included in the miscellaneous forms of Federal Reserve Banks' credit is "float", or difference between items at Federal Reserve Banks in process of collection and total of deferred availability credits. Each difference representing credits to accounts of clearing member and non-member banks before charge to drawee banks on actual collection.

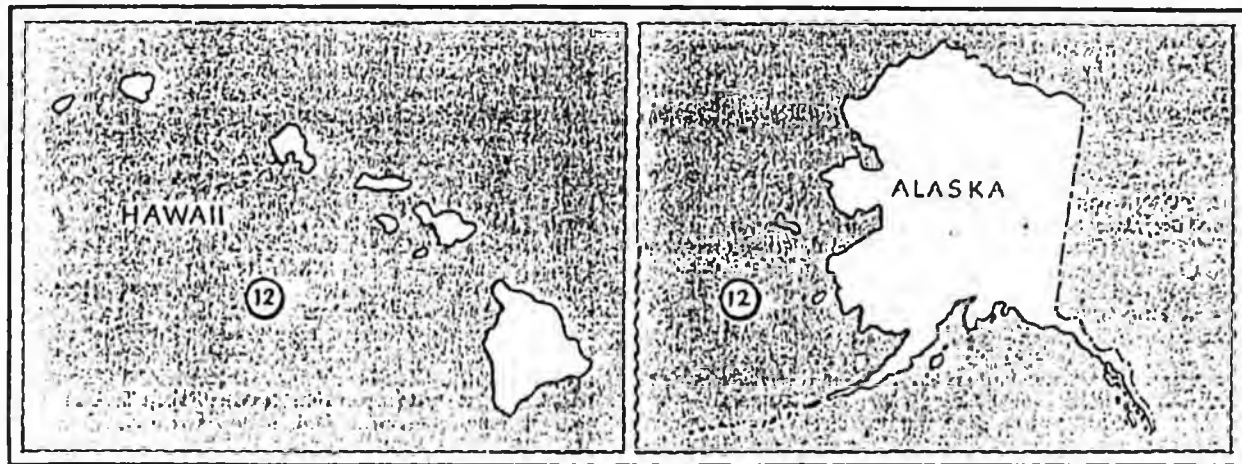
Also included in the miscellaneous forms of Federal Reserve credit is the catch-all classification, "Other Federal Reserve assets", which in recent years includes an important international item, holdings of foreign currencies reflecting "swap" foreign exchange arrangements with foreign central banks and their operations in foreign exchange; International Monetary Fund gold deposited; as well as Federal Reserve Banks' investments in bank premises and other assets.

Such "Other Federal Reserve assets" are now reported gross, instead of net as formerly after deduction of capital accounts (capital paid in, surplus, and other capital accounts), other liabilities, and accrued dividends. The total of these latter items is now shown gross in itself as "Other Federal Reserve

BOUNDARIES OF FEDERAL RESERVE DISTRICTS AND THEIR BRANCH TERRITORIES



☆ THE FEDERAL RESERVE SYSTEM ☆



Legend

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ⊕ Board of Governors of the Federal Reserve System
- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities

EXHIBIT 5.G

NEGOTIABLE

Gross National Product: Receipts and Expenditures
by Major Economic Groups
(in billions of dollars)
Calendar Years 1970-1971

	1970			1971 ^p		
	Receipts	Expenditures	Excess of Recs. (+) over Exps. (-)	Receipts	Expenditures	Excess of Recs. (+) over Exps. (-)
Persons:						
Disposable personal income	\$669.9			\$722.6		
Personal consumption expenditures		615.8	+54.1		5662.2	+60.4
Personal net saving						
Business:						
Gross retained earnings	99.0			112.0		
Gross private domestic investment		135.3	-36.0		150.8	-38.1
Excess of investment						
International:						
Net transfers to foreigners by persons and government	3.1			3.4		
Net exports of goods and services		3.6	-0.4		0.7	+2.7
Excess of exports						
Government (Federal, State and local):						
Tax and nontax receipts or accruals	300.5			320.8		
Less: Transfers, interest and subsidies (net)	94.2			108.0		
Equals: net receipts	206.3			212.8		
Total Government expenditures		313.6			341.1	
Less: Transfers, interest and subsidies (net)		94.2			108.0	
Totals: Purchases of goods and services		219.4			233.1	
Surplus or deficit on income and product account			-13.2			-20.3
Statistical discrepancy	-4.5		-4.5	-4.7		-4.7
Gross national product	974.1	974.1	...	1,046.8	1,046.8	...

Note: Totals may vary because of rounding.

p—Preliminary.

Source—Council of Economic Advisers, Annual Report, 1972.

reasoned, would provide the incentive for additional drilling and discoveries for proving of the potential reserves. Because Natural Gas reserves are found often in conjunction with oil wells, the two natural resources are intertwined in that incentives and additional exploration for increased domestic supplies are concerned.

See OIL, PUBLIC UTILITY INDUSTRY.

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NEGOTIABLE When an instrument is negotiable, legal title thereto may be transferred from one person to another in such a manner as to constitute the transferee the holder. Negotiation may be accomplished by mere delivery, if the instrument is a bearer instrument; or by indorsement and delivery, if the instrument is an order instrument. The holder of a negotiable

instrument may sue thereon in his own name, and payment to him in due course discharges the instrument.

The most important attribute of negotiable instruments is the superior position of the holder who is a **HOLDER IN DUE COURSE**, who holds the instrument free from any defect of title of prior parties, and free from all defenses except the "real defenses" available to prior parties among themselves, and who may enforce payment of the instrument for the full amount against all liable parties. For the requirements of negotiability, see: sec. 3-104, Uniform Commercial Code, which has been enacted in the various States.

See **NEGOTIABLE INSTRUMENTS**, **NEGOTIABLE INSTRUMENTS LAW**.

Include all forms of **NEGOTIABLE INSTRUMENTS**, and other paper which is negotiable by mere delivery, e.g., bearer checks, drafts or notes, bearer bonds and bond coupons; or by delivery

EXHIBIT 5. H

NEGOTIABLE INSTRUMENTS LAW

and indorsement, e.g., order checks, drafts or notes, order bills of lading. Technically, a negotiable instrument is one which calls for the payment of money. Bills of lading and warehouse receipts call for delivery of merchandise, and while they cannot be considered negotiable instruments in the technical sense, still they may be negotiated or made order documents. Similarly, in the case of securities, the doctrine of "bona fide purchaser" is analogous to that of holder in due course applicable to negotiable instruments, in that such a purchaser for value in good faith and without notice of any adverse claim who takes delivery of a security in bearer form or of one in registered form issued to him or indorsed to him in blank, acquires the security free of any adverse claim in addition to acquiring the rights of a purchaser (secs. 8-301(a) and 8-302, Uniform Commercial Code).

Negotiable documents, therefore, is a term employed to designate all paper which may be negotiable whether negotiable instruments or not.

NEGOTIABLE INSTRUMENTS Written orders or promises to pay money which may be transferred from one person to another by delivery, or by indorsement and delivery, the full legal title thereby becoming vested in the transferee; and the negotiation of which to a **HOLDER IN DUE COURSE**, gives such holder the same rights as the original payee (promisee) free from defenses (except the "real" defenses) which might defeat them. Thus, a holder in due course who has purchased a negotiable instrument and secured title by negotiation is the absolute owner. He does not merely purchase as good a title as the previous owner, as does a mere assignee.

Negotiation is achieved (1) by delivery, i.e., by merely handing it from one person to another, when the negotiable instrument is payable to bearer; or (2) by **INDORSEMENT**, and delivery, when the negotiable instrument is payable to order.

Any writing to be a "negotiable instrument" within the meaning of sec. 3-104 of the Uniform Commercial Code must: (a) be signed by the maker or drawer; and (b) contain an unconditional promise or order to pay a sum certain in money, and no other promise, order, obligation or power given by the maker or drawer except as authorized by the Code (sec. 3-112 authorizes an instrument to include limited obligation or power besides the promise or order to pay a sum certain in money); and (c) be payable on demand or at a definite time; and (d) be payable to order or to bearer.

The principle negotiable instruments in the United States are checks, bills of exchange, promissory notes, and acceptances.

See **NEGOTIABLE SECURITIES**.

ing to negotiable instruments, which has undergone two major attempts to achieve greater uniformity among the various States: (1) the original Uniform Negotiable Instruments Law (UNIL), which beginning in 1897, was legislated by all the various States with, however, variations and departures from the "uniform" model for specific States; and (2) the Uniform Commercial Code (UCC), which constitutes a more comprehensive attempt to achieve greater uniformity in the fields of sales, Commercial Paper, Bank Deposits and Collections, Letters of Credit, Bulk Transfers, Warehouse Receipts, Bills of Lading, other Documents of Title, Investment Securities, and Secured Transactions, including sales of accounts, chattel paper, and contract rights. The UCC, first offered to the States for adoption in 1952 and first enacted by Pennsylvania in 1953, was by 1971 adopted in every State except Louisiana, and also adopted in the District of Columbia and the Virgin Islands.

The term "Commercial Paper" of the UCC comprehends "negotiable instruments", the subject of the UNIL.

Prior to the codification and enactment of the UNIL, cases growing out of litigation concerning bills, notes, and checks were governed by case law, the so-called "law merchant"—a body of rules, customs, and principles which had been practiced for centuries in England and recognized legally by the law courts beginning in the 13th century, particularly by the famous English jurist, Lord Mansfield, sitting on the Court of King's Bench. The case law, based on the law merchant, and involving litigation in modern times as well, is resorted to still in those rare cases not

covered "on all fours" or on moot points arising under the Codes. The first statement of the principles of the law merchant was the British Bills of Exchange Act, enacted in 1882. The American UNIL was to a large extent influenced by the English law.

The UCC is composed of ten Articles, as follows:

Article 1, General Provisions. — Part 1, Short Title, Construction, Application and Subject Matter of the Act; Part 2, General Definitions and Principles of Interpretation.

Article 2, Sales. — Part 1, Short Title, General Construction, and Subject Matter; Part 2, Form, Formation and Readjustment of Contract; Part 3, General Obligation and Construction of Contract; Part 4, Title, Creditors and Good Faith Purchasers; Part 5, Performance; Part 6, Breach, Reputation and Excuse; Part 7, Remedies.

Article 3, Commercial Paper. Reproduced below.

Article 4, Bank Deposits and Collections. Also reproduced below, in view of the provision that Article 3 is subject to the provisions of Article 4.

Article 5, Letters of Credit.

Article 6, Bulk Transfers.

Article 7, Warehouse Receipts, Bills of Lading, and Other Documents of Title. — Part 1, General; Part 2, Warehouse Receipts; Special Provisions; Part 3, Bills of Lading; Special Provisions; Part 4, Warehouse Receipts and Bills of Lading; General Obligations; Part 5, Warehouse Receipts and Bills of Lading; Negotiation and Transfer; Part 6, Warehouse Receipts and Bills of Lading; Miscellaneous Provisions.

Article 8, Investment Securities. — Part 1, Short Title and General Matters; Part 2, Issue — Issuer; Part 3, Purchase; Part 4, Registration.

Article 9, Secured Transactions; Sales of Accounts, Contract Rights and Chattel Paper. Also reproduced below, in view of the provision that Article 3 is subject to the provisions also of Article 9.

Article 10, Effective Date and Repealer.

Because of persisting although reduced variation in the specific provisions of enacted State versions of the UCC, reference should be made to the particular State law in each jurisdiction, along with the interpretive case law of the jurisdiction, which sometimes has construed particular statutory provisions with variation as compared with other jurisdictions.

Text of Articles 3, 4 and 9 of the UCC is appended herewith, for general information and as a basis for noting the variations or departures therefrom by the particular State's statutes.

Uniform Commercial Code Article 3 Commercial Paper

Part 1

Short Title, Form and Interpretation

Section 3-101. Short title.

This Article shall be known and may be cited as Uniform Commercial Code — Commercial Paper.

Section 3-102. Definitions and Index of Definitions.

(1) In this Article unless the context otherwise requires

(a) "Issue" means the first delivery of an instrument to a holder or remitter.

(b) An "order" is a direction to pay and must be more than an authorization or request. It must identify the person to pay with reasonable certainty. It may be addressed to one or more such persons jointly or in the alternative but not in succession.

(c) A "promise" is an undertaking to pay and must be more than an acknowledgment of an obligation.

(d) "Secondary party" means a drawer or endorser.

(e) "Instrument" means a negotiable instrument.

(2) Other definitions applying to this Article and the sections in which they appear are:

"Acceptance", Section 3-410.

"Accommodation party", Section 3-415.

"Alteration", Section 3-407.

"Certificate of deposit", Section 3-104.

"Certification", Section 3-411.

"Check", Section 3-104.

"Definite time", Section 3-109.

"Dishonor", Section 3-507.



RECORDS CERTIFICATION



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James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT
SENATE

FURTHER:

Finance

5/5/79

Date: Mar 27, 1980

Mr. President:

The Committee on COMMERCE has had SB 288 making a special appropriation to the Izaak Walton League, Anchorage chapter

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- ^{may} do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back with ^{individual} ~~out~~ recommendations A.B.
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

1 Tim Kell

1 Adrian Stimpert

1 Brad Bradley

2 Tom Stinson - No Rec

3 Stinson - Do Pass if amended

Brad Bradley
CHAIRMAN

Introduced: 5/5/79
Referred: Commerce and
Finance

Funding Information
General Fund \$20,000
Other Funds -0-
\$20,000

BY BRADLEY AND RODEY

1 IN THE SENATE

2 SENATE BILL NO. 288

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Izaak
7 Walton League, Anchorage chapter, for improvements to
8 the public rifle range; and providing for an effective
9 date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$20,000 is appropriated from the general fund as
12 a grant to the Anchorage Chapter of the Izaak Walton League (a nonprofit
13 organization) for improvements to the rifle range used by the public and
14 members of the Izaak Walton League.

15 * Sec. 2. Money appropriated by this Act which is not used in improving
16 the rifle range property shall be used for the development of safety and
17 sound abatement features on the rifle range.

18 * Sec. 3. This Act takes effect July 1, 1980.

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COMMITTEE COPY

ALASKA STATE LEGISLATURE

ELEVENTH Legislature FIRST Session

SENATE BILL NO. 288
By BRADLEY AND RODEY

"An Act making a special appropriation to the Izaak Walton League, Anchorage chapter, for improvements to the public rifle range; and providing for an effective date."

Introduced in the Senate 5/5/79

HISTORY IN THE SENATE

19	7	Read first time and referred to Committee on Commerce and Finance											
5	5	Reported back with recommendation that <i>Commerce do pass 1 deposit by am. 17 Nov. to Finance</i>											
		Read second time and											
		Read third time and											
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	
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Nays	Nays												
Absent	Absent												
Excused	Excused												
		<table border="0"> <tr><td>Reconsideration</td></tr> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	Reconsideration	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
Reconsideration													
PASS	Effective Date												
Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
		Reported correctly engrossed Signed by President Sent to House											
SECRETARY OF THE SENATE													

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on											
	Reported back with recommendation that											
	Read second time and											
	Read third time and											
	<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	
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PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
	Reported correctly engrossed Signed by Speaker Returned to Senate											
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Funding Information
General Fund \$20,000
Other Funds -0-
\$20,000

Introduced: 5/5/79
Referred: Commerce and
Finance

1 IN THE SENATE

BY BRADLEY AND RODEY

2

SENATE BILL NO. 288

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Izaak
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James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT

SENATE

FURTHER: None

3/19/80

Date: _____

Mr. President:

The Committee on FINANCE has had SB 289

North Slope haul road

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

COMMITTEE REPORT
SENATE

FURTHER:

Finance

5/6/79

Date:

3-17-80

Mr. President:

The Committee on RESOURCES has had SB 289
relating to the North Slope haul road

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob Mendenhall
Dan Benavoth
Fabrenkang
John...
Melard
Keith...
Bill...

Bill Sumner

 CHAIRMAN

Introduced: 5/6/79
Referred: Resources and Finance

BY BENNETT, BRADLEY, DANKWORTH,
FAHRENKAMP, HACKNEY, KELLY,
KERTTULA, MELAND, MULCAHY, RODEY,
STIMSON, STURGULEWSKI, AND SUMNER

1 IN THE SENATE

2 SENATE BILL NO. 289

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the North Slope haul road.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. The Department of Transportation and Public Facilities
9 shall, by June 1, 1980, open to the public the North Slope haul road from the
10 Yukon River north to Dietrich. The road shall be open to the general public
11 in the same manner as any other state highway.

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ALASKA STATE LEGISLATURE

ELEVENTH Legislature FIRST.. Session

SENATE BILL..... NO. 289....

By BENNETT, BRADLEY, DANKWORTH,
FAHRENKAMP; HACKNEY; KELLY,
KERTTULA, MELAND, MULCAHY,
RODEY, STIMSON, STURGULEWSKI,
AND SUMNER

"An Act relating to the North
Slope haul road."

Introduced in the Senate 5/6/79, 1979

HISTORY IN THE SENATE

19	79	Read first time and referred to Committee on
5	6	Resources and Finance
3	19	Reported back with <i>Resources</i> recommendation that <i>7 do pass to Sen</i>
		Read second time and
		Read third time and
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reconsideration
		PASS Effective Date
		Yeas Yeas
		Nays Nays
		Absent Absent
		Excused Excused
		Reported correctly engrossed
		Signed by President
		Sent to House
SECRETARY OF THE SENATE		

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by Speaker
	Returned to Senate
CHIEF CLERK OF THE HOUSE	

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Introduced: 5/6/79
Referred: Resources and
Finance

BY BENNETT, BRADLEY, DANKWORTH,
FAHRENKAMP, HACKNEY, KELLY,
KERTTULA, MELAND MULCAHY, RODEY,
STIMSON, STURGULEWSKI AND SUMNER

1 IN THE SENATE

2 SENATE BILL NO. 289

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 289

Title Act relating to the highway from the Yukon River to the Arctic Ocean

Requested by Senator Bob Mulcahy

Date 3/7/80

II. FISCAL DETAIL

Agency Affected Department of Transportation & Public Facilities

Program Category Affected Maintenance & Operations

BRU, Program, or Subprogram(s) Affected North Slope Haul Road

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		39.2	43.1			
200 TRAVEL		2.5	2.8			
300 CONTRACTUAL		10.0	11.0			
400 COMMODITIES		1.0	1.1			
500 EQUIPMENT		21.0	1.0			
600 LAND & STRUCTURES		795.0				
700 GRANTS, CLAIMS, ETC.						
TOTAL		* 868.7	59.0	64.9	71.4	78.5

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		868.7	59.0	64.9	71.4	78.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME		3	3	3	3	3
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

* Funds are not included to increase the level of maintenance. The increased traffic, use by the general Alaskan public, as well as tourists, will likely cause a demand for an increased level of maintenance, especially for dust control. The increased level of service could cause an increase in costs from 10% to 15% in the maintenance budget (the total request for the North Slope Haul Road is approximately \$5 million). The estimate for years 1982 - 1985 have been increased by 10% to provide an estimate for the effects of inflation.

Agencies other than the Department of Transportation & Public Facilities may also have cost impacts and these are not included in this fiscal note.

IV. DATE 3/7/80

PREPARED BY Ron Lind, Deputy Commissioner

AGENCY DOI/PF

Original: Legislative Finance

PHONE 465-3900

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Operating Budget

<u>100</u>	3 WG 57 Laborers (Litter Control) Source: Interior M & O	\$ 39,200
<u>200</u>	(Air fare, Fairbanks to Dietrich)	\$ 2,500
<u>300</u>	1 pickup, 4 months, 5,000 miles Pump out vault toilets at end of season Repeater Station Maintenance	\$ 10,000
<u>400</u>		\$ 1,000
<u>500</u>	1 pickup 4 X 4 with radio 1 base station radio Office equipment, furniture Miscellaneous	\$ 12,500 5,000 2,000 <u>1,500</u>
	Total Operating Budget	\$ 73,700

Capital Improvements

	Modular camp unit (portable) 4 person to be used as a check point 2,000 sq. ft. @ 300.00/G' Includes: 1,200 sq. ft. living space 400 sq. ft. office, public 400 sq. ft. utility 1 trailer mounter water/sewer treatment 1 trailer mounter generator (2 units) Source: General Design & Construction	\$ 600,000
	8 roadside rest areas (2 with vault toilets) Source: General Design & Construction	\$ 175,000
	Repeater Station for radio communication	\$ 20,000
	Total Capital Improvements	\$ 795,000

In response to demand from general public for better driving surface, dust control and overall safety needs, Maintenance & Operations operating budget could increase by 10% to 15%. This would amount to \$500,000 - \$755,000 in the FY 81 Maintenance & Operating Highways maintenance request.



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Signature of Camera Operator


Date

SENATE FINANCE COMMITTEE
BILL CHECKLIST

- | | | |
|----|-----------------------------------------------------|-----------------|
| 1. | Committee Copy-Current Bill | <u>✓</u> |
| 2. | History Cover Form | <u> </u> |
| 3. | Printed Copies: | |
| | Original Bill | <u>✓</u> |
| | Committee Substitutes or | |
| | Amendments | <u> </u> |
| 4. | SFC Committee Report Form | <u>✓</u> |
| 5. | Fiscal Information: | |
| | Note in File | |
| | Note Requested <u> </u> Date <u> </u> | |
| | Other Financial Backup | <u> </u> |
| | (See Below) | <u> </u> |
| 6. | Backup: | |
| | Handouts | |
| | Letter from Governor | <u>✓</u> |
| | Letter from Sponsor | <u> </u> |
| | Completed Committee Reports | <u> </u> |
| | Committee <u> </u> | <u> </u> |
| | Other <u> </u> | <u> </u> |

290

Introduced: 8/6/79
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 290

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Office of the Governor to pay additional costs of
8 salaries and benefits for the 1979 and 1980 fiscal
9 years; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$6,277,800 is appropriated to the Office of the
12 Governor for fiscal year 1980 for additional costs of salaries and benefits
13 for the general government unit contract from the following sources:

14	General Fund	\$5,032,300
15	Federal Receipts	772,100
16	Highway Working Capital Fund	15,100
17	International Airport	
18	Revenue Fund	253,000
19	Teachers' Retirement System	8,200
20	Public Employees' Retirement	
21	System	9,400
22	Second Injury Fund	6,900
23	Fishermen's Fund	6,900
24	Fish and Game Fund	104,800
25	Agricultural Loan Fund	11,300
26	Veterans Revolving Loan Fund	32,000
27	FICA Administration Account	1,300
28	Surplus Property Revolving Fund	23,000
29	Donated Commodity Handling	

COMMITTEE COPY

1 Fee Account 1,300

2 * Sec. 2. The sum of \$2,072,500 is appropriated to the Office of the
3 Governor for fiscal year 1980 for additional costs of salaries and benefits
4 for the supervisors unit contract from the following sources:

5 General Fund \$1,852,800
6 Highway Working Capital Fund 45,600
7 International Airport Revenue
8 Fund 29,000
9 Federal Receipts 145,100

10 * Sec. 3. The sum of \$737,388 is appropriated from the general fund to
11 the Office of the Governor for fiscal year 1980 for additional costs of
12 salaries and benefits for the public safety employees unit contract.

13 * Sec. 4. The sum of \$227,964 is appropriated from the general fund to
14 the Office of the Governor for fiscal year 1980 for additional costs of
15 salaries and benefits for the confidential unit contract.

16 * Sec. 5. The sum of \$1,418,800 is appropriated to the Office of the
17 Governor for fiscal year 1980 for additional costs of salaries and benefits
18 for the labor, trades, and crafts unit contract, from the following sources:

19 General Fund \$1,020,300
20 Federal Receipts 7,800
21 International Airport Revenue
22 Fund 223,700
23 Highway Working Capital Fund 167,000

24 * Sec. 6. The sum of \$621,500 is appropriated from the general fund to
25 the Office of the Governor for fiscal year 1980 for additional costs of
26 salaries and benefits, to be allocated as follows:

27 Masters, mates, and pilots unit \$ 270,900
28 Marine engineer's unit 350,600

29 \$43,200 of the appropriation for the masters, mates, and pilots unit is con-

1 tingent upon that unit's ratification of the collective bargaining agree-
2 ment for fiscal year 1980 prior to the effective date of this Act.

3 * Sec. 7. The sum of \$6,391,700 is appropriated from the general fund
4 to the Office of the Governor for fiscal year 1980 for additional salaries
5 and benefits for state employees not covered by collective bargaining, to
6 be allocated as follows:

7	Executive branch	\$1,143,600
8	Legislative branch	300,900
9	Judicial branch	696,000
10	University of Alaska	4,251,200

11 * Sec. 8. The sum of \$123,300 is appropriated from the general fund to
12 the Office of the Governor for fiscal year 1980 for additional costs of
13 salaries and benefits for Alaska Skill Center instructors.

14 * Sec. 9. The sum of \$256,000 is appropriated from the general fund to
15 the Office of the Governor for additional fiscal year 1979 costs of salaries
16 and benefits for judicial officers, legislators, and public officers.

17 * Sec. 10. The sum of \$620,000 is appropriated from the general fund to
18 the Office of the Governor for additional fiscal year 1980 costs of salaries
19 and benefits for judicial officers, legislators, and public officers.

20 * Sec. 11. The sum of \$432,000 is appropriated from the general fund to
21 the Office of the Governor for additional fiscal year 1979 costs of salaries
22 and benefits for the inland boatmen's unit.

23 * Sec. 12. The sum of \$1,293,400 is appropriated from the general fund
24 to the Office of the Governor for additional fiscal year 1980 costs of
25 salaries and benefits for the inland boatmen's unit.

26 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).
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29

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 6, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

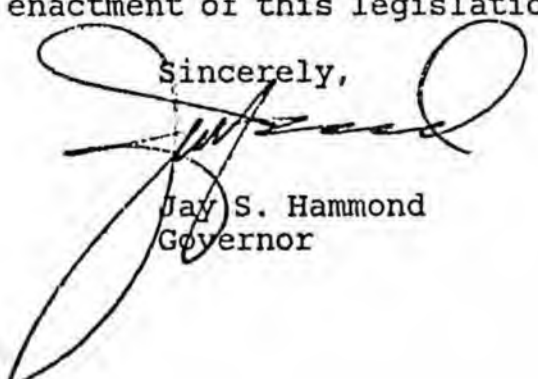
Under the authority of article III, section 18, and article II, section 9, of the Constitution of the State of Alaska, I am transmitting for your consideration a bill making certain appropriations for the additional expenses of salaries and benefits for State employees and officials for the 1979 and 1980 fiscal years. The purposes are self-explanatory.

No appropriation is included for the community college teachers. If negotiations or their contract are concluded before this session is adjourned, I recommend that an appropriation for the money to pay for any increases in salaries and benefits be added to this bill.

Appropriations for the salaries of elected and appointed public officials covered by the Salary Commission's recommendations are included. These are minimum estimates based on those recommendations. I urge the legislature to pass legislation to increase the salaries of those officials and to pass appropriations for them.

I urge the prompt enactment of this legislation.

Sincerely,


Jay S. Hammond
Governor

ALASKA STATE LEGISLATURE
 ELEVENTH Legislature FIRST SPECIAL Session

SENATE BILL NO. 290

By THE RULES COMMITTEE BY
 REQUEST OF THE GOVERNOR

"An Act making supplemental appropriations to the Office of the Governor to pay additional costs of salaries and benefits for the 1979 and 1980 fiscal years; and providing for an effective date."

Introduced in the Senate 8/6/ 19 79

HISTORY IN THE SENATE

19 79

8 6

Read first time and referred to Committee on Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
 Signed by President
 Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
 Signed by Speaker
 Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 6, 1979

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of article III, section 18, and article II, section 9, of the Constitution of the State of Alaska, I am transmitting for your consideration a bill making certain appropriations for the additional expenses of salaries and benefits for State employees and officials for the 1979 and 1980 fiscal years. The purposes are self-explanatory.

No appropriation is included for the community college teachers. If negotiations or their contract are concluded before this session is adjourned, I recommend that an appropriation for the money to pay for any increases in salaries and benefits be added to this bill.

Appropriations for the salaries of elected and appointed public officials covered by the Salary Commission's recommendations are included. These are minimum estimates based on those recommendations. I urge the legislature to pass legislation to increase the salaries of those officials and to pass appropriations for them.

I urge the prompt enactment of this legislation.

Sincerely,

Jay S. Hammond
Governor

LB 290

290

Introduced: 8/6/79
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 290

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SPECIAL SESSION

5 A BILL

6 For an Act entitled: "An Act making supplemental appropriations to the
7 Office of the Governor to pay additional costs of
8 salaries and benefits for the 1979 and 1980 fiscal
9 years; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$6,277,800 is appropriated to the Office of the
12 Governor for fiscal year 1980 for additional costs of salaries and benefits
13 for the general government unit contract from the following sources:

14	General Fund	\$5,032,300
15	Federal Receipts	772,100
16	Highway Working Capital Fund	15,100
17	International Airport	
18	Revenue Fund	253,000
19	Teachers' Retirement System	8,200
20	Public Employees' Retirement	
21	System	9,400
22	Second Injury Fund	6,900
23	Fishermen's Fund	6,900
24	Fish and Game Fund	104,800
25	Agricultural Loan Fund	11,300
26	Veterans Revolving Loan Fund	32,000
27	FICA Administration Account	1,300
28	Surplus Property Revolving Fund	23,000
29	Donated Commodity Handling	

error - should be \$23,200.

COMMITTEE COPY

1 Fee Account 1,300

2 * Sec. 2. The sum of \$2,072,500 is appropriated to the Office of the
3 Governor for fiscal year 1980 for additional costs of salaries and benefits
4 for the supervisors unit contract from the following sources:

5 General Fund \$1,852,800

6 Highway Working Capital Fund 45,600

7 International Airport Revenue
8 Fund 29,000

9 Federal Receipts 145,100

10 * Sec. 3. The sum of \$737,388 is appropriated from the general fund to
11 the Office of the Governor for fiscal year 1980 for additional costs of
12 salaries and benefits for the public safety employees unit contract.

13 * Sec. 4. The sum of \$227,964 is appropriated from the general fund to
14 the Office of the Governor for fiscal year 1980 for additional costs of
15 salaries and benefits for the confidential unit contract.

16 * Sec. 5. The sum of \$1,418,800 is appropriated to the Office of the
17 Governor for fiscal year 1980 for additional costs of salaries and benefits
18 for the labor, trades, and crafts unit contract, from the following sources:

19 General Fund \$1,020,300

20 Federal Receipts 7,800

21 International Airport Revenue
22 Fund 223,700

23 Highway Working Capital Fund 167,000

24 * Sec. 6. The sum of \$621,500 is appropriated from the general fund to
25 the Office of the Governor for fiscal year 1980 for additional costs of
26 salaries and benefits, to be allocated as follows:

27 Masters, mates, and pilots unit \$ 270,900

28 Marine engineer's unit 350,600

29 \$43,200 of the appropriation for the masters, mates, and pilots unit is con-

1 tingent upon that unit's ratification of the collective bargaining agree-
2 ment for fiscal year 1980 prior to the effective date of this Act.

3 * Sec. 7. The sum of \$6,391,700 is appropriated from the general fund
4 to the Office of the Governor for fiscal year 1980 for additional salaries
5 and benefits for state employees not covered by collective bargaining, to
6 be allocated as follows:

7	Executive branch	\$1,143,600
8	Legislative branch	300,900
9	Judicial branch	696,000
10	University of Alaska	4,251,200

11 * Sec. 8. The sum of \$123,300 is appropriated from the general fund to
12 the Office of the Governor for fiscal year 1980 for additional costs of
13 salaries and benefits for Alaska Skill Center instructors.

14 * Sec. 9. The sum of \$256,000 is appropriated from the general fund to
15 the Office of the Governor for additional fiscal year 1979 costs of salaries
16 and benefits for judicial officers, legislators, and public officers.

17 * Sec. 10. The sum of \$620,000 is appropriated from the general fund to
18 the Office of the Governor for additional fiscal year 1980 costs of salaries
19 and benefits for judicial officers, legislators, and public officers.

20 * Sec. 11. The sum of \$432,000 is appropriated from the general fund to
21 the Office of the Governor for additional fiscal year 1979 costs of salaries
22 and benefits for the inland boatmen's unit.

23 * Sec. 12. The sum of \$1,293,400 is appropriated from the general fund
24 to the Office of the Governor for additional fiscal year 1980 costs of
25 salaries and benefits for the inland boatmen's unit.

26 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
27 10.070(c).
28



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 292 am
 Title An Act requiring fiscal notes for regulation having fiscal impact
 Requested by Office of the Governor Date 3/19/80

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 BRU, Program, or Subprogram(s) Affected Boards of Fisheries and Game
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There would be no fiscal impact

IV. DATE 3/20/80 PREPARED BY Russell H. Clark
 AGENCY Department of Fish and Game
 PHONE 465-4120
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 292 am
 Title Requiring fiscal notes for regulations having fiscal impact
 Requested by House Finance Committee Date 3/10/80

II. FISCAL DETAIL
 Agency Affected All Agencies
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
	0	0				
TOTAL	0	0				

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0				
FEDERAL FUNDS	0	0				
OTHER (Specify Fund Source)	0	0				

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No fiscal impact.


 Russ Meekins
 Chairman, House Finance Committee

IV. DATE March 10, 1980 PREPARED BY _____
 AGENCY _____
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 1/14/80
Referred: Finance

1 IN THE SENATE

BY BENNETT

2 SENATE BILL NO. 292 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act requiring fiscal notes to be prepared for
7 regulations having fiscal impact."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 44.62 is amended by adding a new section to read:

10 Sec. 44.62.195. FISCAL NOTES ON REGULATIONS. If the adoption,
11 amendment, or repeal of a regulation would require increased appropria-
12 tions by the state, the department or agency affected shall prepare an
13 estimate of the appropriation increase for the fiscal year following
14 adoption, amendment, or repeal of the regulation and for at least two
15 succeeding fiscal years.

16 * Sec. 2. AS 44.62.200(a) is amended by adding a new paragraph to read:

17 (5) a summary of the fiscal information required to be pre-
18 pared under AS 44.62.195.

19 * Sec. 3. AS 44.62.320(b) is amended to read:

20 (b) At the same time a regulation is filed by the lieutenant
21 governor, the lieutenant governor shall submit the regulation to the
22 chairman and all members of the Administrative Regulation Review Com-
23 mittee for review under AS 24.20.400 - 24.20.460 together with the
24 fiscal information required to be prepared under AS 44.62.195.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 292
 Title "An Act requiring fiscal notes for regulations having fiscal impact."
 Requested by Senator Sumner Date 2/20/80

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 BRU, Program, or Subprogram(s) Affected Boards of Fisheries and Game
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		15.0	16.2	17.5	18.9	20.4
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		5.0	5.4	5.8	6.3	6.8
400 COMMODITIES		5.0	5.4	5.8	6.3	6.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	25.0	27.0	29.1	31.5	34.0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND	-0-	25.0	27.0	29.1	31.5	34.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
NONPERMANENT	2	2	2	2	2	2

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Although there would not be a major impact of this statute, there surely would be some fiscal impact on the operation of the Goard regulator process from time to time. Estimating that this act would add time to meetings, preparation & printing of Board books, work done by clerical positions and some professional analysis the total probably would not exceed 25.0 per year plus inflation at 8%.

IV. DATE 2/24/80 PREPARED BY Russell H. Clark *RC*
 AGENCY Department of Fish and Game
 PHONE 465-4120

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor - Keith Specking
 33-001 (Rev. 12/79)

CATEGORY: NATURAL RESOURCES MANAGEMENT AND ENVIRONMENTAL CONSERVATION
PROGRAM: FISH AND GAME ADMINISTRATION AND SUPPORT

AGENCY: FISH AND GAME
BRU (s): BOARDS OF FISH AND GAME

The Boards of Fish and Game BRU aims to insure that fish and game resource management policies of the State consider and provide for public desires, biological necessities and gubernatorial policies to the maximum extent possible. It also seeks to generate public acceptance and support of these policies.

The Board of Fisheries and the Board of Game are the State's principal regulatory agencies for fish and wildlife resource matters. The two Boards provide a public forum for the discussion of fish and wildlife management issues. They also promulgate resource use regulations which adhere to scientific fish and game management principles, especially the sustained yield harvest concept. In addition, the two Boards make the regulatory decisions which provide for de facto allocation of scarce resources among competing user groups.

The regulatory process is a continuous one. Hence the Boards annually review and revise the basic fish and game regulations to keep pace with the changing conditions that affect resource availability and abundance.

This BRU funds the operation of the Board of Fisheries, the Board of Game, and the local Fish and Game Advisory Committees. Approximately 60 of these committees (statewide) channel local community needs and concerns to the two Boards for their regulatory decisions.

This BRU also requests funds for six Regional Fish and Game Councils. The Councils serve three key functions: (1) to provide a means for the formulation of a unified regional position on relevant fish and game management issues; (2) to convey regional opinions to the State Boards of Fisheries and Game; and (3) to convey State Fish and Game Board positions to residents of the local region.

The Councils consist of the chairmen of each local Fish and Game Advisory Committee within a region. Generally, an Advisory Committee serves the needs of one or more communities within a given region. It is felt that the Regional Councils will give local communities a greater voice in the formulation of regional/statewide fish and game management regulations. This budget request provides staff support and travel for the Regional Council.

This BRU includes \$200,000 to evaluate alternative strategies for securing public participation, including teleconferencing and use of professional staff for Regional Councils.

Phone Contact for more information: Gregory F. Cook 465-4110

SERVICE MEASURES	FY 79		FY 80	FY 81	
	Plan	Actual	Plan	Continuation	Total
Advisory Committees	57	58	58	58	58
Membership	825	580	870	870	870
Meetings	174	106	232	232	232
Joint Board of Fisheries and Game Meetings	2	4	2	2	2
Board of Fisheries					
Meetings	2	2	2	2	2
Hearings	3	5	5	5	5
Proposals for Regulations	600	572	650	N/A	N/A
Board of Game					
Meetings	2	3	2	2	2
Hearings	-0-	-0-	5	5	5
Proposals for Regulations	280	372	300	N/A	N/A

Introduced: 1/14/80
Referred: Finance

1 IN THE SENATE

BY BENNETT

2 SENATE BILL NO. 292 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act requiring fiscal notes to be prepared for
7 regulations having fiscal impact."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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15 succeeding fiscal years.

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20 (b) At the same time a regulation is filed by the lieutenant
21 governor, the lieutenant governor shall submit the regulation to the
22 chairman and all members of the Administrative Regulation Review Com-
23 mittee for review under AS 24.20.400 - 24.20.460 together with the
24 fiscal information required to be prepared under AS 44.62.195.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

SENATE JOURNAL

ALASKA STATE LEGISLATURE

ELEVENTH LEGISLATURE - SECOND SESSION

Juneau, Alaska

Thursday

January 24, 1980

Eleventh Day

Pursuant to adjournment, the Senate was called to order by President Tillion at 10:08 a.m.

The roll call showed sixteen members present. Senators Hackney and Hohman were excused from a call of the Senate. Senators Sackett and Sumner were absent.

The prayer was offered by the Chaplain, Pastor Milton Hunt of the Resurrection Lutheran Church.

Senator Colletta moved and asked unanimous consent that the journal for the tenth legislative day be approved as certified. Without objection, it was so ordered.

MESSAGES FROM THE HOUSE

Message of January 23 was read, stating the House has failed to recede from its amendment to SENATE BILL NO. 35 amended (adult education), namely, HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 35. The Speaker has appointed the following members to a Free Conference Committee to meet with the like committee from the Senate:

Representative Buchholdt, Chairman
Representative Munson
Representative Chatterton

Senate members appointed April 30, 1979:

Senator Hohman, Chairman
Senator Ferguson
Senator Dankworth

HCS
SB
35

HCS Message of January 23 was read, stating the House has
 SB failed to recede from its amendment to SENATE BILL NO.
 88 88 (truant children), namely, HOUSE COMMITTEE SUBSTITUTE
 (Rls) FOR SENATE BILL NO. 88 (Rules) amended House (truant
 am children and school closings). The Speaker has appoint-
 H ed the following members to a Free Conference Committee
 to meet with the like committee from the Senate:

Representative Cotten, Chairman
 Representative Munson
 Representative Eliason

Senate members appointed January 17, 1980 are:

Senator Meland, Chairman
 Senator Ziegler
 Senator Hackney

CS Message of January 23 was read, stating the House has
 SB failed to recede from its amendment to COMMITTEE SUBSTI-
 204 TUTE FOR SENATE BILL NO. 204 (exemption from regulation
 am by the Alaska Public Utilities Commission), namely, COM-
 H MITTEE SUBSTITUTE FOR SENATE BILL NO. 204 amended House.
 The Speaker has appointed the following members to a Free
 Conference Committee to meet with a like committee from
 the Senate:

Representative Brown, Chairman
 Representative Miles
 Representative Halford

The President appointed the following members to a Free
 Conference Committee to meet with the like committee from
 the House:

Senator Ferguson, Chairman
 Senator Hohman
 Senator Mulcahy

COMMUNICATIONS

January 15, 1980

MEMORANDUM

TO: Members of the Legislature

FROM: Gerald L. Wilkerson, CPA *GLW*
Legislative Auditor
Division of Legislative Audit

SUBJECT: Release of Audits

In accordance with AS 24.20.311, the following audit reports were approved for release to the Legislature and the public on January 15, 1980:

A Performance Review of the Department of Health and Social Services, Juvenile Confinement Programs, September 28, 1979

A Performance Review of the Office of the Governor, Alaska State Commission for Human Rights, October 15, 1979

A Performance Review of the Department of Law, Civil Division, Consumer Protection Section, October 12, 1979

A Special Letter Report on the Alaska Oil and Gas Conservation Commission, October 27, 1979

A Performance Review of the Division of Policy Development and Planning, Office of the Governor, October 23, 1979

A Performance Review of the Alaska State Board of Public Accountancy, October 1, 1979

Enclosed for your convenience are short digests covering the audits. Should you desire copies of the completed reports, they are available at the following libraries or through our office (465-3830):

Alaska State Library
Alaska Historical Library
University of Alaska Library, College
University of Alaska Library, Anchorage
Z.J. Loussac Public Library, Anchorage
Fairbanks-North Star Borough Library, Fairbanks
Ketchikan Public Library
Kotzebue Public Library
Bethel Public Library
A. Holmes Johnson Public Library, Kodiak

Enclosures

A copy of the above are on file in the Senate Secretary's office.

The Secretary announced receipt of a letter dated January 21, 1980 from Bruce A. Cummings, Director, Department of Administration, Division of Personnel enclosing a report on nonpermanent and emergency hire practices in state government pursuant to AS 39.25.195(h). A copy of the report is on file in the Senate Secretary's Office.

The Secretary announced receipt of a letter dated January 23, 1980 from the Alaska Coastal Policy Council submitting reports on the Municipality of Anchorage, City of Haines, and Annette Islands Indian Reserve District Coastal Management Programs in accordance with AS 44.19.893(4).

The President referred the Coastal Policy Council reports to the Community and Regional Affairs Committee.

The Secretary announced receipt of a letter dated January 23, 1980 from Bruce A. Cummings, Director, Department of Administration Division of Personnel submitting a report containing information on current salary levels and trends, conditions of employment and employees benefits in public agencies and private firms in accordance with AS 39.27. A copy of the report is on file in the Senate Secretary's office.

The Secretary announced receipt of a letter dated January 23, 1980 from Robert E. LeResche, Commissioner, Department of Natural Resources submitting a revision and update of the Five Year Oil and Gas Leasing Schedule in accordance with AS 38.05.180. A copy of the report is on file in the Senate Secretary's office.

The Secretary announced receipt of a letter dated January 24, 1980 from Donald G. Wold, Executive Director, Royalty Oil and Gas Development Advisory Board submitting a report entitled "Historic and Projected Oil and Gas Consumption" in accordance with AS 38.05.183(d). A copy of the report is on file in the Senate Secretary's office.

The Secretary announced receipt of a Memorandum dated January 15, 1980 from Ronald O. Skoog, Commissioner, Alaska Department of Fish and Game submitting proposed changes in the regulations of the Alaska Board of Fisheries. A copy is on file in the Senate Secretary's office.

The President announced receipt of a letter from Mark Jensen, Chairman of the Alaska Guide Licensing and Control Board, and stated he would review the letter and take up the matter under Unfinished Business, Monday, January 28.

INTRODUCTION AND REFERENCE OF SENATE BILLS

SENATE BILL NO. 357 by Senators Ziegler and Mackney by request, entitled:

SB
357

"An Act relating to misuse of food coupons and authorizations to purchase food coupons."

was read the first time and referred to the Judiciary Committee.

SENATE BILL NO. 358 by Senator Sackett, entitled:

SB
358

"An Act relating to the compensation of members of the Board of Fisheries and of the Board of Game."

was read the first time and referred to the Finance Committee.

SB 359 SENATE BILL NO. 359 by the Rules Committee by request of the Governor, entitled:

"An Act providing for Permanent Fund dividends; and providing for an effective date."

was read the first time and referred to the Finance Committee.

Fiscal note accompanying the above bill appears in Senate Supplement No. 2 to today's journal.

Governor's transmittal letter follows:

January 23, 1980

The Honorable Clem Tillion
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to provide for distribution of portions of the Alaska Permanent Fund income to Alaska residents through the establishment of tax credits and payments under the Alaska individual income tax (AS 43.20). This bill would permit each Alaska resident, 18 years or older, to claim one Permanent Fund dividend for each calendar year of Alaska residency since statehood. (Although officially Alaska did not become a state until January 3, 1959, the bill would permit residence to be calculated from January 1, 1959.)

For tax year 1979, each allowance would be worth \$50. In following years, the allowance would be worth a minimum of \$50, but would increase beyond \$50 under a formula based on one-half of Permanent Fund income. Under that formula, the value of each allowance would be equal to the quotient of one-half of Permanent Fund income divided by the total number of shares claimed and paid during the previous tax year.

In order to receive a credit or payment, a person would be required to file an individual state income tax return. The total value of each person's accumulated Permanent Fund dividends would then be applied as a credit against net individual state income tax liability with the excess of credits over net tax liability being returned to the person as a payment. If a person has no net tax liability, he or she would receive the entire amount of accumulated dividends as a payment.

SB
359

Because many Alaskans have already filed their 1979 tax returns and because state income tax forms and instructions have already been distributed for 1979 taxes, the bill proposes a one-time special filing procedure for 1979 dividends. A simple form would be made available to eligible individuals, and payments for 1979 dividends would be made toward the end of 1980.

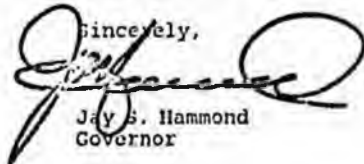
The purposes of the Permanent Fund dividend proposal are multiple, but interrelated. One purpose of the proposal is to provide a fair distribution of the state's energy wealth to the citizens of Alaska who are, after all, its equitable owners. A second and equally important purpose is to reduce substantially and in many cases, totally eliminate, state income taxes for Alaskans. The credits they receive will be applied against the tax, but unlike a general repeal of the tax, the benefit will be restricted to Alaska residents. Moreover, the dividends will be available to all Alaskans, including those Alaskans who pay little or no state income tax.

The bill sets a minimum value of \$50 for each dividend. This figure is estimated to result in overall benefits for Alaskans that will closely approximate the total tax relief for them that would result from a general repeal.

Further, it seems obvious that if the state income tax is repealed or substantially reduced, then that portion of state government that is now paid for by revenues from the state income tax must be paid for by revenues from other sources. Limiting the increases in the energy tax allowances to comparable increases in Permanent Fund income insures that the revenue "lost" to the state from income tax relief is replaced only by recurring Permanent Fund investment income rather than by revenues from non-renewable resources.

Finally, the bill retains the existing tax credit provided in AS 43.20.015, but only for those taxpayers whose Permanent Fund dividends total less than the applicable \$100, \$200, or \$300 credit.

Sincerely,



Jay S. Hammond
Governor

SB SENATE BILL NO. 360 by Senators Sumner and Hackney by request, entitled:

"An Act providing for exemption of the residence of a disabled veteran from levy and collection of real property taxes and authorizing reimbursement to municipalities for revenues lost by operation of the exemption; and providing for an effective date."

was read the first time and referred to the Community and Regional Affairs Committee and the Finance Committee.

SB SENATE BILL NO. 361 by Senator Colletta, entitled:

361

"An Act authorizing the sale of state flags which have been flown over the state capitol."

was read the first time and referred to the State Affairs Committee.

SB SENATE BILL NO. 362 by the Rules Committee by request, 362 entitled:

"An Act exempting employees of air carriers from the overtime provisions of the Alaska Wage and Hour Act; and providing for an effective date."

was read the first time and referred to the Labor and Management Committee.

SB SENATE BILL NO. 363 by the Rules Committee by request, 363 entitled:

"An Act relating to advertising of intoxicating liquor."

was read the first time and referred to the Judiciary Committee.

SENATE BILL NO. 364 by Senators Tillion and Kerttula, entitled:

SB
364

"An Act making a special appropriation to the Legislative Council for a salmon quality control education program; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services Committee and the Finance Committee.

CONSIDERATION OF THE CALENDAR

SECOND READING OF SENATE BILLS

SENATE BILL NO. 292 (requiring fiscal notes to be prepared for regulations having fiscal impact) was read the second time.

SB
292

Amendment

Senators Ziegler and Bennett offered the following amendment No. 1:

Page 1, line 22: after "Chairman" insert
and all members

Senator Bennett moved and asked unanimous consent that amendment No. 1 be adopted. Without objection, amendment No. 1 was adopted.

SB
292
am

Senator Colletta moved and asked unanimous consent that the Rules be suspended and SENATE BILL NO. 292 amended be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

SENATE BILL NO. 292 amended was read the third time.

SB The question being: "Shall SENATE BILL NO. 292 amended
 292 (requiring fiscal notes to be prepared for regulations
 am having fiscal impact) pass the Senate?" The roll was
 taken with the following result:

SB 292 AM 3RD

Yeas:	16	Bennett, Bradley, Colletta, Dankworth, Fahrenkamp, Ferguson, Kelly, Kerttula, Meland, Mulcahy, Ray, Rodey, Stimson, Sturgulewski, Tillion, Ziegler
Nays:	0	
Excused:	2	Hackney, Hohman
Absent:	2	Sackett, Sumner

and so, SENATE BILL NO. 292 amended passed the Senate.

SENATE BILL NO. 292 amended was referred to the Secretary for engrossment.

UNFINISHED BUSINESS

The reconsideration of the Committee on Committees Report was not taken up this legislative day and the report was adopted.

ENGROSSMENT AND ENROLLMENT

SB SENATE BILL NO. 292 amended has been engrossed, signed by
 292 the President and Secretary and transmitted to the House
 am for consideration.

HCS HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 125 has
 SB been enrolled, signed by the President and Secretary,
 125 Speaker and Chief Clerk, and the engrossed and enrolled
 copies transmitted to the Office of Governor at 10:00
 a.m., January 24, 1980.

ANNOUNCEMENTS

Judiciary SB 239	Beltz Room 209, Capitol	1:30 p.m., 1/24
Resources	Butrovich Room 207, Capitol	1:30 p.m., 1/25
State Affairs SB 312	Beltz Room 209, Capitol	3:30 p.m., 1/25 3:30 p.m., 1/28

ADJOURNMENT

Senator Colletta moved and asked unanimous consent that the Senate adjourn until 10:00 a.m, January 25. Without objection, the Senate adjourned at 10:26 a.m.

Peggy Mulligan
Senate Secretary

January 1980

Introduced: 1/14/80
Referred: Finance

1 IN THE SENATE

BY BENNETT

2 SENATE BILL NO. 292

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act requiring fiscal notes to be prepared for
7 regulations having fiscal impact."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 44.62 is amended by adding a new section to read:

10 Sec. 44.62.195. FISCAL NOTES ON REGULATIONS. If the adoption,
11 amendment, or repeal of a regulation would require increased appropria-
12 tions by the state, the department or agency affected shall prepare an
13 estimate of the appropriation increase for the fiscal year following
14 adoption, amendment, or repeal of the regulation and for at least two
15 succeeding fiscal years.

16 * Sec. 2. AS 44.62.200(a) is amended by adding a new paragraph to read:

17 (5) a summary of the fiscal information required to be pre-
18 pared under AS 44.62.195.

19 * Sec. 3. AS 44.62.320(b) is amended to read:

20 (b) At the same time a regulation is filed by the lieutenant
21 governor, the lieutenant governor shall submit the regulation to the
22 chairman ^{AND ALL MEMBERS} of the Administrative Regulation Review Committee for review
23 under AS 24.20.400 - 24.20.460 together with the fiscal information
24 required to be prepared under AS 44.62.195.

25
26
27
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29



Alaska State Legislature

SENATE CALENDAR

ELEVENTH LEGISLATIVE DAY
OFFICIAL BUSINESS OF THE SENATE

Thursday
January 24, 1980
10:00 a.m.

Chaplain: Pastor Milton Hunt of the Resurrection Lutheran Church

SECOND READING OF SENATE BILLS

SB 292 Requiring fiscal notes be prepared for regulations
 having fiscal impact
 (Finance report pg 62)

FOR FRIDAY CALENDAR

Publication notice of Citation Calendar:

In Memoriam - George Edwin Smith by Senator Kerttula and
 Representative Carney

In Memoriam - Neal "Willie" Foster - by All Members of the
 Senate, requested by Senator Kerttula

Introduced: 1/14/80
Referred: Finance

1 IN THE SENATE

BY BENNETT

2 SENATE BILL NO. 292

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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23 under AS 24.20.400 - 24.20.460 together with the fiscal information
24 required to be prepared under AS 44.62.195.

ENROLLED BILL REPORT

ASSIGNMENT DATE _____

UNASSIGNED _____

DEPARTMENT	SPONSOR (PRINCIPAL)	BILL NO. (FINAL VERSION)	
Public Safety	Sen. Bennett	SB 292 am	
DIVISION DIRECTOR	DATE	COMMISSIONER	DATE
		<i>for</i> William R. Nix	3/20/80
SUMMARY			
(1) RELATED BILLS (SIMILAR OR CONFLICTING)			
(2) a. ORGANIZATIONS SPONSORING AND SUPPORTING BILL			(2) b. ORGANIZATIONS OPPOSING BILL
(3) PROGRAM EFFECTS OF BILL A massive routing network would probably be set up to ensure each agency an opportunity to screen proposed regulations for fiscal impact. Without central procedures, problems could develop from relying upon newspaper notifications, or less-than-formalized procedures. Even if the originating agency were responsible for circulating its own regulatory changes, paperwork would probably increase significantly to ensure that every agency which might be affected would have a chance to comment.			
(4) FISCAL IMPACT: <input type="checkbox"/> NONE <input checked="" type="checkbox"/> FISCAL ANALYSIS ATTACHED			

RECOMMENDED ACTION BY GOVERNOR

Law without signature

COMMENTS:

The end result of attaching a fiscal note must be considered. These fiscal notes would have to be included in the appropriation or budget process at some point. Without some likelihood of funding they become academic exercises. If no fiscal note was submitted, or if a fiscal note was not eventually funded, what impact would that have on the affected agency? Another unfunded regulation would join the numerous unfunded laws on the books.

A Statewide review should be made of the volume of regulations considered. For example, the Div. of Fish & Wildlife Protection would need to screen proposals from the Game, Guide and Fisheries Boards, as well as the Dept. of Fish & Game. The Fisheries Board last year dealt with 1200 regulations; the Game Board has 318 on its next agenda. These regulations frequently require increased or redirected enforcement effort and would therefore need a fiscal note submitted. The paperwork would be significantly increased by formally requiring fiscal notes for proposed regulations.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 292 am
 Title "An Act requiring fiscal notes to be prepared for regulations".
 Requested by Budget & Management Date March 21, 1980

II. FISCAL DETAIL

Agency Affected Public Safety
 Program Category Affected NRMEC
 BRU, Program, or Subprogram(s) Affected Fish & Wildlife Protection - Director's Office
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		28.9	28.9	28.9		
200 TRAVEL						
300 CONTRACTUAL		.4	.4	.4		
400 COMMODITIES		.3	.3	.3		
500 EQUIPMENT		.6				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		30.2	29.6	29.6		

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		30.2	29.6	29.6		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		1	1	1		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

An Administrative Assistant II would screen all proposed regulations affecting FWP and aid in preparation of fiscal notes. Paraprofessional assistance would allow a thorough review of regulatory proposals before final analysis and fiscal note review by enforcement managers who presently do not thoroughly review all proposals because of the volume and other factors. The Fisheries Board dealt with 1200 regulations last year. The Game Board has 318 on its next agenda.

One previous attempt to produce fiscal notes for proposed regulations was briefly reviewed via issue analysis and were rejected because of demands upon staff time. Since the budget would not be increased, detailed review of fiscal impact was not as important as reviewing enforcement priorities once regulations were final, although comments are usually made on major issues.

Costs are in FY81 dollars, inflation is not included.

IV. DATE March 21, 1980 PREPARED BY Michael J. Clemens
 AGENCY Public Safety
 Original: Legislative Finance PHONE 465-4322
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

R/S 4/2/80

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 292
 Title "An Act requiring fiscal notes for regulations having fiscal impact."
 Requested by Senator Sumner Date 2/20/80

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected Natural Resource Management
 BRU, Program, or Subprogram(s) Affected Boards of Fisheries and Game
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		15.0	16.2	17.5	18.9	20.4
200 TRAVEL		-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL		5.0	5.4	5.8	6.3	6.8
400 COMMODITIES		5.0	5.4	5.8	6.3	6.8
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	25.0	27.0	29.1	31.5	34.0

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	25.0	27.0	29.1	31.5	34.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
NONPERMANENT	2	2	2	2	2	2

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Although there would not be a major impact of this statute, there surely would be some fiscal impact on the operation of the Goard regulator process from time to time. Estimating that this act would add time to meetings, preparation & printing of Board books, work done by clerical positions and some professional analysis the total probably would not exceed 25.0 per year plus inflation at 8%.

IV. DATE 2/24/80 PREPARED BY Russell H. Clark
 AGENCY Department of Fish and Game
 PHONE 465-4120

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 Office of the Governor - Keith Specking
 33-001 (Rev. 12/79)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S. B. 292 am
 Title An Act Requiring Fiscal Notes to be Prepared for Regulations Having Fiscal Impact.
 Requested by _____ Date 1-25-80

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected _____
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						
		0	0	0	0	0

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This bill, like several others requiring the preparation of fiscal notes on the various impacts of bills or regulations, would not, by itself, cause our department enough additional work to require a position. If several of these bills pass however, the cumulative effect of the work required would definitely require an additional position within our division.

IV. DATE 1-25-80 PREPARED BY McKie Campbell 

AGENCY Community & Regional Affairs
 PHONE 465-4735

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S. B. 292 am
 Title An Act Requiring Fiscal Notes to be Prepared for Regulations Having Fiscal Impact.
 Requested by _____ Date 1-25-80

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Agency Affected Department of Community & Regional Affairs
 Program Category Affected _____
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						
		0	0	0	0	0

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
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 AGENCY Community & Regional Affairs
 PHONE 465-4735
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)