

LEGISLATIVE FINANCE-HOUSE/SENATE FINANCE COMM. FILES 8879

HB 246 cont. - HB 261 497 ~~88~~

TABLE 14-D  
TOTAL CLIENTS BY AGE, FY 88

Region	Age 17 & Under		18-25		26-40		41-60		61+	
Statewide	631	6%	2,554	24%	5,373	51%	1,715	16%	230	1%
Southeast	150	6%	683	28%	1,184	48%	393	16%	59	2%
So. Central	308	5%	1,414	24%	3,026	52%	939	16%	89	2%
Northern	173	8%	457	20%	1,163	51%	383	17%	82	4%

TABLE 14-E  
CLIENTS BY OCCUPATION, FY 88

Occupation	Statewide	Southeast	Southcentral	Northern
Technical/Professional	8%	8%	9%	7%
Sales	2%	2%	3%	2%
Craftsman/Clerical	15%	13%	15%	18%
Transport/Operators	4%	3%	4%	4%
Laborers	24%	20%	23%	28%
Fishing/Logging/Farming	14%	24%	16%	3%
Services	12%	10%	12%	11%
Subsistence	1%	0.2%	1%	3%
Student	6%	6%	5%	7%
Military	1%	1%	1%	0.5%
Homemaker	4%	4%	4%	5%
Unknown	8%	9%	7%	12%

TABLE 15  
STATEWIDE ADMISSIONS BY PRIMARY PROBLEM, FY 88 (N = 10,428)

Substance	Number	%	Substance	No.	%	Substance	No.	%
Alcohol	8,862	85%	Barbituates	3	*	Cocaine	735	7%
Heroin	149	1.4%	Tranquilizers	11	*	Marijuana/Hashdish	545	5%
Methadone	3	*	Sedatives/Hypnotics	8	*	Hallucinogens	15	*
Other Opiate	56	0.5%	Inhalents	8	*	Poly Drug	1	*
CP & O.T.C.	0	*	Amphetamines	29	*	Other Drugs	2	*

\* Less than .5 percent.

Source of Data: SOADA MIS reports

**TABLE 16**  
**STATEWIDE ADMISSIONS BY SEVERITY OF ABUSE**  
**FY 1983-FY 1988**

Year	Non-Dependent	Dependent	Episodic	Dys-functional	Other Unknown	Total
1983	1,172	3,647	4,059	672	927	10,477
PERCENT:	11.2 %	35 %	39 %	6.4 %	8.8 %	100 %
1984	1,262	5,505	3,456	587	1,686	12,498
PERCENT:	10.1 %	44 %	28 %	4.7 %	13.5 %	100 %
1985	1,427	6,492	2,485	414	1,689	12,501
PERCENT:	11.4 %	52 %	20 %	3.3 %	13.5 %	100 %
1986	1,160	6,941	2,544	465	1,432	12,542
PERCENT:	9.2 %	56 %	20 %	3.7 %	11.4 %	100 %
1987	942	6,727	2,146	530	1,051	11,396
PERCENT:	8.3 %	59 %	19 %	4.7 %	9.2 %	100 %
1988	843	6,559	1,747	410	836	10,395
PERCENT:	8.1 %	63 %	17 %	3.9 %	8.0 %	100 %

**Problem Severity Descriptions:**

1. Non-Dependent: Experimental or infrequent user who is experiencing trouble when drinking/using drugs; little or no prior history of problem drinking/drug use; may be a younger person.
2. Dependent: User who is progressively experiencing more problems with drugs/alcohol; has indications of psychological or physical dependance, has demonstrated impairment in ability to function and/or has caused interference in normal life functions.
3. Episodic: "Binge" usage causing legal, medical, family or social problems, but has 3 or more month abstinence periods between binges.
4. Dysfunctional: User is alienated from most normal life functions; exhibits considerable dependence, less than productive life characterized by chronic alcoholism or severe addiction.
5. Unknown: Unable to accurately determine severity of problem.

Source of information for this page: SOADA MIS report no. 2310

**TABLE 17**  
**Admissions by Legal Status Statewide**

	No Involvement	Deferred Prosecution	Sentence Deferred	Probation Parole	Furlough Rehab./Leave
No.	3,837	258	362	3,291	172
%	37%	2%	3%	32%	2%

	Involuntary Commitment	Incarcerated	Status Unknown	Total Admissions	Tot. Admits With Legal Problems
No.	150	1,106	1,245	10,421	5,189
%	1%	11%	12%	100%	50%

**Definitions:**

**Deferred Prosecution:** Prosecution has been suspended under specific conditions. These conditions are monitored by the prosecuting agency and if not satisfactorily completed, prosecution can be reinstated.

**Deferred Sentence:** Delay of sentencing. For SOADA programs this usually means the court is waiting to see if the client completes the treatment plan before imposing a sentence.

**Probation/Parole:** Probation allows a person who has been convicted of a criminal offense to live in the community under supervised conditions. Parole refers to release from prison before expiration of a lawful sentence. ASAP clients sentenced to treatment should be listed under this category.

**Furlough/Rehabilitative Leave:** The client is still considered to be incarcerated but is undergoing treatment in a leave situation.

**Non-Criminal Involuntary:** This is the process of involuntary commitment whereby substance abusers who are a harm to themselves or others are taken into protective custody, and enter a program.

**Incarcerated:** In the custody of the Alaska Division of Corrections, other lawful jail, or detention center.

**No Involvement:** The client is not entering the program as a result of involvement with the criminal justice system.

During FY 1987, half of all admissions to substance abuse programs had some sort of legal problem.

**TABLE 18**  
**INCIDENCE OF CRIMINAL CONVICTIONS**  
**AMONG CLIENT ADMISSIONS**

TYPE OF CONVICTION:	Number of Clients by Fiscal Year			
	1985	1986	1987	1988
<b>VIOLENCE:</b>				
Criminal Homicide	22	38	27	32
Forcible Rape	34	23	35	30
Aggravated Assault	167	210	198	201
Negligent Homocide	14	39	34	47
Other Assault	359	402	428	438
Weapons	177	180	165	168
Sexual Offense	110	140	119	163
Family Offense	78	89	74	85
<b>ROBBERY</b>	<b>255</b>	<b>370</b>	<b>349</b>	<b>342</b>
<b>OMV/DJI</b>	<b>1027</b>	<b>1778</b>	<b>1500</b>	<b>1288</b>
<b>DRUG SALES:</b>				
Marijuana	51	52	55	66
Opiates/Cocaine	74	86	69	88
Synthetic Drugs	14	17	27	29
Non-Narcotic Drugs	29	25	21	29
<b>DRUG POSSESSION:</b>				
Marijuana	148	144	135	167
Opiates/Cocaine	63	89	76	100
Synthetic Drugs	26	32	40	45
Non-Narcotic Drugs	32	37	28	46
<b>OTHER OFFENSES</b>	<b>839</b>	<b>287</b>	<b>300</b>	<b>281</b>
<b>TOTAL</b>	<b>3,197</b>	<b>4,000</b>	<b>3,653</b>	<b>3,613</b>

Source: SOADA MIS Report Number 2365, FY 1985-1988

TABLE 19-A  
 NO. OF CLIENTS HAVING EITHER A PRIMARY, SECONDARY, OR TERTIARY SUBSTANCE  
 PROBLEM, BY SUBSTANCE & PROGRAM FOR FY 88 (JULY 1, 1987 TO JUNE 30, 1988).  
 (Each Client may have a Primary, Secondary, & Tertiary Problem)

GROUP A	Heroin & Synthetic Opiates	Cocaine	Marijuana/ Hashish	Alcohol	Other Drugs	Total Number Of Clients
Akeela House	41	191	210	214	71	264
Amouak-CINA	0	6	21	41	4	42
AWRC-New Dawn	2	7	9	30	6	31
Center/Drug Prob.	177*	39	14	13	16	119
CICADA-Kenai	2	42	26	470	18	481
FNA-Fairbanks	18	121	203	1,461	27	1,503
Gastineau H. Serv.	7	34	46	91	6	98
Juneau ADACA	23	153	280	668	41	703
Ketch. Human Serv.	10	55	166	456	19	372
Kila	13	18	31	15	15	47
Kodiak COA	14	106	134	338	28	350
Mat-Su Council	13	49	82	281	24	292
NCA-Juneau	7	19	32	47	19	58
Nugens Ranch	3	23	42	108	3	111
S.A. Clitheroe	54	445	560	1,815	72	1,933
S.A. Fairbanks	19	22	5	8	0	27
SCAODA-Sitka	3	41	115	308	14	317
VOA-ARCH	2	41	103	96	41	106
<b>SUB-TOTAL</b>	<b>408</b>	<b>1,412</b>	<b>1,945</b>	<b>6,460</b>	<b>424</b>	<b>6,854</b>
<b>GROUP B</b>						
Aleutian/Prib. Is.	0	1	4	28	0	30
COA P.O.W. Is.	1	6	42	165	4	169
Copper River	1	0	12	39	3	40
Cordeva	2	21	17	91	7	93
Galena-YK MH Prog.	0	4	9	27	0	28
KANA-Kodiak	1	7	12	39	1	41
Kuskokwim Native	0	0	4	43	0	46
McGrath-Anvik	1	4	23	82	4	79
Metlakatla	0	2	18	109	1	110
Petersburg COA	0	25	46	120	7	124
Seward Life Action	0	11	49	127	5	130
So. Kachemak CAP	1	4	11	73	4	81
TCC-Regional Prev.	0	0	0	28	0	32
TCC-Tok/Uppr Tanana	0	8	13	75	3	76
TCC-Yukon Flats**	0	0	0	26	0	28
Valdez Counseling	0	7	11	58	1	61
Wrangell	2	23	50	136	5	139
<b>SUB-TOTAL</b>	<b>9</b>	<b>123</b>	<b>321</b>	<b>1,266</b>	<b>45</b>	<b>1,307</b>

\* many clients use more than one synthetic drug or opiate  
 \*\* formerly Ft. Yukon

**TABLE 19-B**  
**NO. OF CLIENTS HAVING EITHER A PRIMARY, SECONDARY, OR TERTIARY SUBSTANCE**  
**PROBLEM, BY SUBSTANCE & PROGRAM FOR FY 88 (JULY 1, 1987 TO JUNE 30, 1988).**

GROUP C	Heroin & Synthetic Opiates	Cocaine	Marijuana/ Hashish	Alcohol	Other Drugs	Total Number Of Clients
North Slope SATS	0	32	76	123	3	126
PATC-Bethel	2	9	114	313	4	315
Bristol Bay Area	1	28	86	404	1	321
Maniilaq	0	6	60	150	6	154
Norton Sound	0	7	55	117	1	121
SEARHC-Rural	2	5	34	109	1	114
SEARHC-ATS	2	17	54	140	7	143
Yukon-Kuskokwim HC	0	0	22	91	0	92
<b>SUB-TOTAL</b>	<b>7</b>	<b>104</b>	<b>501</b>	<b>1,447</b>	<b>23</b>	<b>1,386</b>
<b>GROUP D</b>						
North Slope Inmate	0	9	17	26	0	
Bethel Inmate	0	0	7	13	0	14
FNA Corrections	7	30	60	149	8	168
Kenai Inmate	14	54	128	174	24	191
Ketchikan Inmate	3	15	19	32	2	33
Mat-Su Inmate	19	99	143	238	45	272
Norton Sd. NLRC Cor.	0	2	17	29	1	30
S.Cent. Corrections	15	106	133	159	41	195
<b>SUB-TOTAL</b>	<b>58</b>	<b>315</b>	<b>524</b>	<b>820</b>	<b>121</b>	<b>903</b>
<b>GRAND TOTAL</b>	<b>482</b>	<b>1,954</b>	<b>3,291</b>	<b>9,993</b>	<b>613</b>	<b>10,450</b>

Note: Each Client may have up to 3 problems listed, and therefore may be counted up to 3 times in this data.

**TABLE 20**  
**ASAP MISDEMEANOR SERVICES**  
**NUMBER OF PERSONS SCREENED BY CLASSIFICATION**  
**1982-1987**

YEAR	Problem Drinker	Presumptive Problem Drinker	Non-Problem Drinker	Status Not Identified	Total Screen
1982	2,639	312	1,254	156	4,361
1983	3,349	278	1,525	107	5,259
1984	3,956	305	1,879	124	6,264
1985	4,139	292	2,152	234	6,817
1986	3,685	289	1,643	366	5,983
1987	3,384	216	1,467	253	5,320

Source: ASAP Annual Reports, 1982-1987

**SCREENING CLASSIFICATION DEFINITIONS**  
**(7 AAC 29.580)**

1. **Problem Drinker:** One of the following situations apply:
  - a) Two DWI's or more in the last 5 years;
  - b) Screening test classification as a Problem Drinker;
  - c) BAC (Blood Alcohol Content) of .20 or above;
  - d) Three or mor DWI's lifetime;
  - e) Client states he/she is a Problem Drinker;
  - f) A medical determination of Problem Drinking;
  - g) Screening test classification as a Presumptive Problem Drinker and a BAC of .15 to .199;
  
2. **Presumptive Problem Drinker:** If none of the criteria in number 1 apply, and the screening test classifys the client as a Presumptive Problem Drinker;
  
3. **Non-Problem Drinker:** If none of the criteria in Number 1 and Number 2 apply, and there are no additional information, such as violence, minority of the client, or prior history that would require a treatment agency evaluation. Presumptive Problem Drinker.

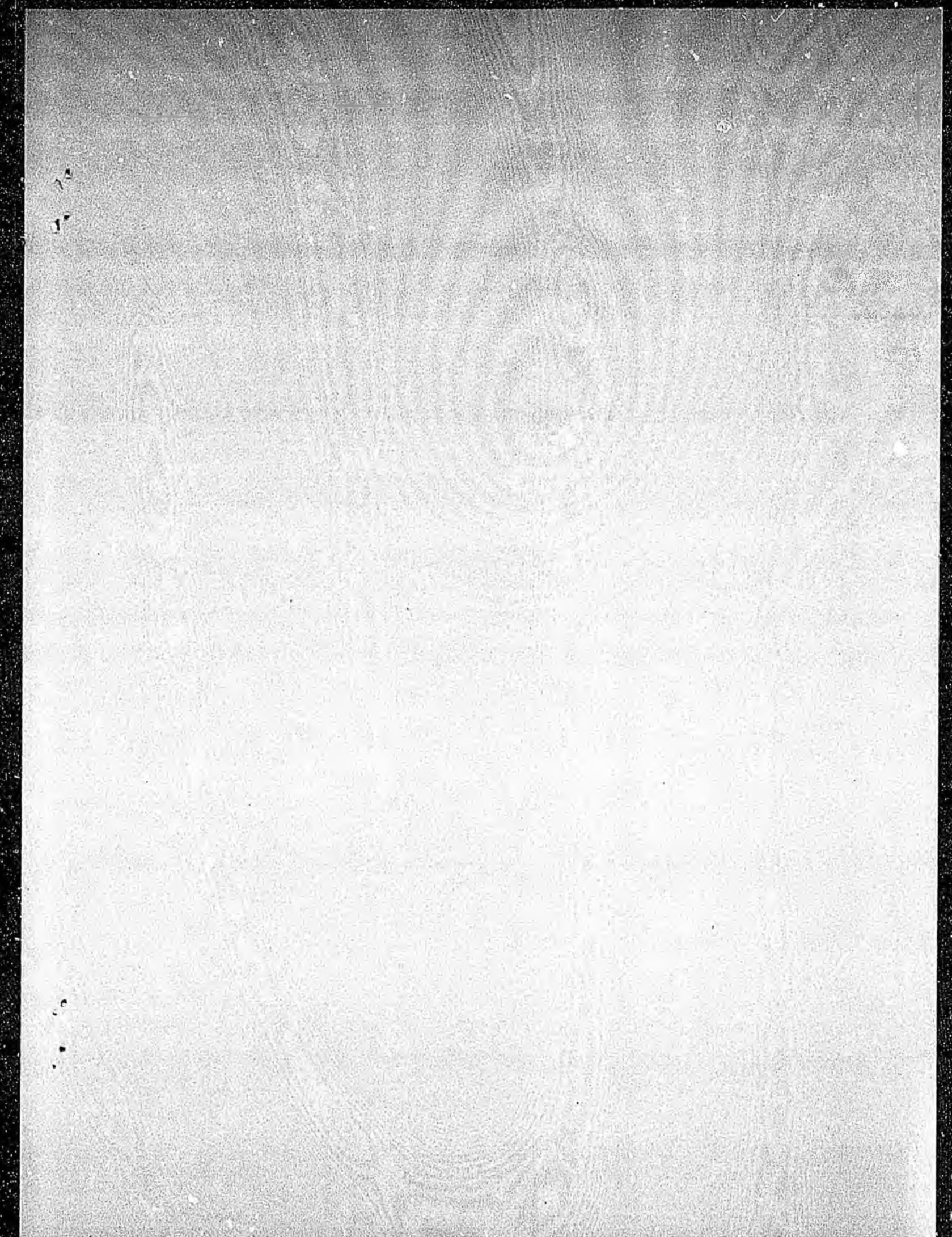
TABLE 21  
 ASAP STATISTICS COMPARED TO COURT CASES  
 NUMBER OF MISDEMEANORS & COMPLIANCE  
 1982-1987

YEAR	Total No. of New Cases	No. Cases of Non-compliance	No. of Cases Screened	Total No. Misdemeanor Dispositions
1982	5,920	1,123	4,361	21,457
1983	7,043	1,091	5,259	24,844
1984	8,799	1,840	6,264	23,892
1985	8,944	1,305	6,817	23,899
1986	8,305	1,643	5,983	23,181
1987	7,336	1,251	5,320	23,492

COMPOSITION OF ASAP MISDEMEANOR CASES  
 CHARGE AT TIME OF ASAP REFERRAL

CHARGE AT REFERRAL:	1984	1985	1986	1987
Traffic Related:				
DWI/or Reduced from	2,633	2,477	2,113	1,648
Reckless Driving	37	38	47	44
Careless Driving	14	6	7	7
Drunk on Roadway	3	4	1	0
Drinking in Public	2	0	1	0
Theft (shoplifting)	22	47	51	32
Trespass	40	28	30	18
Assault	104	132	180	178
Destruction/Property	22	31	31	22
Disorderly Conduct	33	37	23	18
Other	162	182	199	193
No Charge	0	4	0	0

Sources: ASAP Annual Reports, 1982-1987  
 1983 & 1987 Annual Court Reports



H

B

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# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 19, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/26/89

The FINANCE Committee considered:

HB 247

HOUSE BILL NO. 247

[SPECIAL LICENSE PLATES & FEES]

"An Act relating to special license plates' and special license plate fees, and registration fees."

**RECOMMENDATIONS:**

- be replaced with CS #B 247 (Transportation)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact Public Safety
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approx. column)

Do Not Pass    No Rec    Amend

[Signature] Hoffman

[Signature] Larson

[Signature] Swackhammer

[Signature] Brown

[Signature] Rieger

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Koponen	<input checked="" type="checkbox"/>		
<u>[Signature]</u> Ulmer	<input checked="" type="checkbox"/>		
<u>[Signature]</u> Phillips	<input checked="" type="checkbox"/>		

CO- [Signature]  
Chairman's Signature

CO- [Signature]

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 247(Trans)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4-10-89  
Title: An Act relating to special license plates...  
Sponsor: House Finance  
Requestor: House Transportation

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	454.8	454.8	454.8	454.8	454.8
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Based on assumption effective date will be July 1, 1989.

Increase in revenues would be from following motor vehicle registration fee changes: 1) Delete exemption for owners 65 years of age or over, \$280,000; 2) Require charitable organizations to pay regular fee, \$80,000; 3) Delete exemption for disabled veteran or other handicapped person, \$69,000; 4) Delete exemption for specific amateur radio operators, \$15,000; 5) Require farm vehicles to pay regular fee, \$8,000; 6) Require Pearl Harbor survivors and POW's to pay regular fee, \$2,300; and 7) Require historic vehicle owners to pay regular fee one time only, \$500.

**RECEIVED**  
DIVISION

APR 10 1989 by Commissioner Arthur English  
Agency: Department of Public Safety

Phone: 465-4335  
Date: 4-10-89  
Date: 4-10-89

Adopted

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE BILL NO. 247 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to special license plates and spe-  
7 cial license plate registration fees; and repealing  
8 certain registration fee exemptions."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 28.10.181(e) is amended to read:  
11 (e) Vehicles owned by the state or [,] municipalities [, AND  
12 CHARITABLE ORGANIZATIONS OF THE STATE]. A [EVERY] certificate of  
13 registration and registration plate issued to the state or [,] a  
14 municipality [OR CHARITABLE ORGANIZATION OF THE STATE] is in effect  
15 until the vehicle for which the registration certificate and plate  
16 were issued is no longer owned and operated by the state, or the  
17 municipality [OR THE CHARITABLE ORGANIZATION OF THE STATE] or until  
18 the department, in its discretion, declares its expiration. The state  
19 or [,] municipality [OR CHARITABLE ORGANIZATION OF THE STATE] shall  
20 maintain a current listing of all vehicles registered to it in the  
21 order of the registration number assigned to each vehicle, and shall  
22 provide a copy of the listing to the department upon request. The  
23 listing must [SHALL] include a description of each vehicle and other  
24 identifying information required by the department. Registration  
25 plates issued under this subsection must [SHALL] be of a distinctive  
26 design and numbering system. [FOR THE PURPOSES OF THIS SUBSECTION,  
27 "CHARITABLE ORGANIZATION" MEANS A NONPROFIT ASSOCIATION, CORPORATION,  
28 SOCIETY OR OTHER ENTITY ORGANIZED, INCORPORATED OR HEADQUARTERED IN  
29 THE STATE FOR EDUCATIONAL, CULTURAL, SCIENTIFIC OR OTHER CHARITABLE

1 PURPOSES, AS PRESCRIBED IN REGULATIONS OF THE DEPARTMENT.]

2 \* Sec. 2. AS 28.10.421(d) is amended to read:

3 (d) The special registration fees under this subsection are  
4 imposed annually, unless otherwise specified, for:

5 (1) an historic vehicle (one time only upon initial regis-  
6 tration under AS 28.10.181).....\$10;  
7 plus the fee required for that vehicle under (b) of this section;

8 (2) special request plates including those authorized for  
9 use by Alaska National Guard personnel only.....\$30;  
10 plus the fee required for that vehicle under (b) [(b)(1) OR (2)] of  
11 this section; the fee required by this paragraph shall be collected  
12 only on the first issuance and on the replacement of special request  
13 plates;

14 (3) a vehicle owned by a disabled veteran or other handi-  
15 capped person, and registered under AS 28.10.181 [OR A RESIDENT 65  
16 YEARS OF AGE OR OLDER WHO FILES A WRITTEN APPLICATION FOR AN EXEMPTION  
17 ON A FORM PRESCRIBED BY THE DEPARTMENT] .....the fee  
18 required for that vehicle under (L) of this section [NONE];

19 (4) a vehicle owned by the state.....none;

20 (5) a vehicle owned by an elected state official....the fee  
21 required for that vehicle under (b) of this section;

22 (6) a vehicle owned by a consular officer, unless waived  
23 under AS 28.10.181.....the fee  
24 required for that vehicle under (b) of this section [\$35];

25 (7) a vehicle owned by a rancher, farmer, or dairyman and  
26 registered under AS 28.10.181.....the fee  
27 required for that vehicle under (b) or (c) of this section [\$35];

28 (8) a snowmobile or off-highway vehicle.....\$5;

29 (9) an amateur mobile radio station vehicle [,

1 (A) WITH A TRANSCEIVER CAPABLE OF LESS THAN 5-BAND  
2 OPERATION.....THE FEE  
3 REQUIRED FOR THAT VEHICLE UNDER (b) OR (c) OF THIS SECTION;

4 (B) IN RECOGNITION OF SERVICE TO THE PUBLIC: A MOBILE  
5 AMATEUR RADIO STATION OWNED BY AN AMATEUR WITH GENERAL CLASS OR  
6 HIGHER LICENSE, PROVIDED THE STATION MUST BE SATISFACTORILY  
7 PROVED CAPABLE OF OPERATING ON AT LEAST FIVE BANDS FROM 160  
8 THROUGH 10 METERS, MUST HAVE AN ANTENNA, AND MUST HAVE A POWER  
9 SUPPLY AND WIRING AS A PERMANENT PART OF THE VEHICLE; THE TRANS-  
10 MITTING UNIT MAY BE REMOVED FROM THE CAR FOR SERVICE OR DRY  
11 STORAGE].....the fee  
12 required for that vehicle under (b) or (c) of this section [NONE  
13 FOR A MOBILE AMATEUR RADIO STATION VEHICLE INCLUDED IN (b)(1) OR  
14 (2) OF THIS SECTION];

15 (10) dealer registration plates,  
16 (A) the initial set of plates.....\$45;  
17 (B) each subsequent set of plates.....\$25;

18 (11) a vehicle owned by a municipality [OR CHARITABLE ORGA-  
19 NIZATION MEETING THE REQUIREMENTS OF AS 28.10.181(e)].....\$5;  
20 (12) an occasional use vehicle under AS 28.10.181(k)....\$15;  
21 (13) a vehicle owned by a Pearl Harbor survivor or a former  
22 prisoner of war..... the fee  
23 required for that vehicle under (b) of this section [NONE];

24 (14) special request Winter Olympics commemorative plates  
25 .....\$70  
26 plus the fee required for that vehicle under (b)(1) or (2) of this  
27 section; the fee required by this paragraph shall be collected only on  
28 the first issuance and on the replacement of special request plates;  
29 the commissioner of administration shall separately account for the

1 fees received under this paragraph that the department deposits in the  
2 general fund; the annual estimated balance in the account may be  
3 appropriated by the legislature to the Alaska sports fund established  
4 under AS 05.35.150.

5 \* Sec. 3. AS 28.10.411(f) and 28.10.431(h) are repealed.

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

APR 06 1989

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

M E M O R A N D U M

April 6, 1989

SUBJECT: Vehicles exempt from fees - CSHB 247(Trsp)  
TO: Representative Bette Cato  
FROM: Michael F. Ford *M. F.*  
Legislative Counsel

You have asked who would still be receiving an exemption from payment of the standard motor vehicle registration fee, assuming that CSHB 247(Trsp) is enacted into law. Under sec. 2 of CSHB 247(Trsp), the only vehicles that would not be paying the applicable registration fee imposed under AS 28.10.421(b) or (c), are those belonging to the state (AS 28.10.421(d)(4)), a vehicle owned by a consular officer, if waived under AS 28.10.181 (AS 28.10.421(d)(6)), a snowmobile or off-highway vehicle (AS 28.10.421(d)(8)), a vehicle owned by a municipality that meets the requirements of AS 28.10.181(k) (AS 28.10.421(d)(11)), and an occasional use vehicle that meets the requirements of AS 28.10.181(k) (AS 28.10.421(d)(12)).

Please contact me if you have further questions.

MFF:mi:kb  
wkmi3/097



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P. O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 463-3991

September 1, 1988

MEMORANDUM

TO: Representative Kay Wallis

FROM: Sandi Depue *SD*  
Administrative Officer

RE: Motor Vehicle Registration Fees and Receipt Allocation: Alaska and  
Other States  
Research Request 89.038

You asked how program receipts for motor vehicle registration are allocated in Alaska, Hawaii, Idaho, Montana, Oregon, Washington and Wyoming. You also wanted to know the registration fee structure in those states.

Most motor vehicle registration program receipts in Alaska go to the General Fund. The majority of revenue collected for vehicle registration in the other six states I surveyed is dedicated revenue. In most cases it goes to highway fund accounts, back to counties and cities as a form of personal property tax, and to registration division accounts to pay for overhead and administration. Table 1 (attached) summarizes vehicle registration fee structures and program receipt allocation in each of the surveyed states. The balance of this memorandum describes the fee structure and receipt allocation in each state.

Alaska

According to Gary Gaguzis, Finance Officer, Alaska Department of Public Safety, all program receipts collected for motor vehicle registration in Alaska, except the motor vehicle registration tax, are put into the General Fund. The motor vehicle registration tax is collected for municipalities that have a personal property tax on motor vehicles and is held in a trust fund for the municipalities (less about a five percent state administrative fee). The motor vehicle registration tax ranges from \$5 to about \$30, depending on the age of the vehicle. In recent years, total annual receipts for vehicle registration have been approximately \$23 million. Of the \$23 million, city motor vehicle registration tax has been approximately \$5 million, which left a deposit of approximately \$18 million into the General Fund.

- 32.5% - allocated to local jurisdictions (counties, cities, and highway districts)<sup>2</sup>
- 6.0% - allocated to the Department of Law Enforcement
- 61.5% - allocated to the Department of Transportation for construction, maintenance and administration costs.

Of the value-based recreational vehicle fee, \$1.50 goes to the county where the vehicle was registered to cover administrative costs, \$3.50 is deposited into the State Recreational Vehicle Account, 50 percent of the balance is returned to the county where the vehicle was registered, and the remaining 50 percent is allocated to the State Recreational Vehicle Account. Every vehicle registered in the State of Idaho is charged a \$0.75 emergency medical services fee which is allocated to the Department of Health and Welfare for emergency medical services training and equipment.

#### Montana

In Montana, registration fees are collected at the county level and remitted with a report to the state. Registration charges include a fee of 1.5 percent of the "Free on Board" or window sticker price for new cars or two percent (counties may charge 2.5 percent if they desire) of the average vehicle trade-in price (blue book estimate) on used cars. They also include a plate fee based on weight (2,850 pounds or less - \$8.00, over 2,850 pounds - \$13.00); a gross vehicle weight fee on trucks and other vehicles licensed to haul; a \$2.00 junk vehicle fee and a \$0.50 weed control fee. The average vehicle trade-in price fee and the weed fee are county receipts that are not returned to the state. "Free on Board" fees and Gross Vehicle Weight Fees are allocated to the Gross Vehicle Weight Division of the Department of Highways and are used for highway construction, maintenance, repair and administrative costs. The plate fee

-----  
<sup>2</sup>Distribution to local jurisdictions is based on the following formula:

30% divided among cities based on population

70% to counties as follows:

- 10% divided equally among all counties
- 45% distributed on the basis of improved road mileage
- 45% distributed based on the number of motor vehicle registrations per county

Receipts from the basic renewal fee and the combined licensing fee are allocated as follows:

<u>Allocated To:</u>	<u>-----Percent Allocated From-----</u>	
	<u>Basic Renewal Fee</u>	<u>Combined Licensing Fee</u>
Washington State Patrol	73%	55%
Motor Vehicle Fund (DOT Administration)	20%	42%
Washington State Ferry System	7%	3%

Receipts from the offroad vehicle renewal fee are allocated to an outdoor recreation account.

### Wyoming

Both state fees and county fees are collected on vehicle registrations. The state charges a basic renewal fee of \$15 for passenger cars, motor homes, light pickup trucks, and house trailers, and \$5 for motorcycles and all terrain vehicles (ATVs). A fee based on weight is charged for trucks, recreational vehicles and other types of trailers (i.e., boat trailers) to a maximum of \$60. State receipts are allocated to the Highway Department to pay for highway construction, maintenance, and repairs and to pay for enforcement of traffic laws.

The counties collect a fee based on three percent of a specific percentage of factory cost of a vehicle.<sup>3</sup> A listing of how much the county collects follows:

<u>Age of Vehicle</u>	<u>County Collects</u>
New car	3% of 60% of factory price
1 year old	3% of 50% of factory price
2 years old	3% of 40% of factory price
3 years old	3% of 30% of factory price
4 years old	3% of 20% of factory price
5 years or older	3% of 15% of factory price

\*\* \*\*\* \*\*

I hope you find this information useful. If you have any questions or need further research, let me know.

Attachment

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<sup>3</sup>Factory cost equals 90 percent of manufacturers suggested retail price.

4-11-89

Wendy

Following are the number of vehicles in the specific categories  
CSHB 247(Trans) raised the fees for, and what the estimated  
increase in revenue would be for each category:

Historic vehicle - 14 new annually, \$500

Disabled veteran - 168 vehicles, \$5,880

Handicapped person - 1,805 vehicles, \$63,175

Person 65 years or older - 8,000 vehicles, \$280,000

Farm Vehicle - 471 vehicles, \$8,000

Amateur radio - 404 vehicles, \$15,000

Charitable organization - 2,414 vehicles\*, \$80,000

Pearl Harbor survivor - 27 vehicles, \$970

Prisoner of War - 38 vehicles, \$1,380

\* A breakdown of the charitable organization vehicles is as follows:

897 passenger cars  
3 motorcycles  
268 trailers  
1,052 trucks or vans  
194 buses

*Bill*  
Bill  
465-4335

Comparison of fees to register motor vehicles in different states. These are the basic fees, and do not include all add-ons such as Driver Education Fee, taxes, etc. The first column is for regular passenger vehicle, and second column is the highest commercial vehicle fee. Generally commercial vehicle fees vary considerably based on weight of vehicle.

STATE	PASS. VEH.	LARGEST COMM. VEH.
AL	\$23	\$845
AK	35	220
AZ	8 + tax	918
AR	25	650
CA	22	660
CO	9 +	38 + \$2/100#
CT	31	1.70 per 100#
DE	20	20 + \$2.60/500#
DC	45	484
FL	27	983
GA	8	700
HI	11 +	515
IL	48	2,200
IN	13	1,036
IA	40¢/100# + 1% value	1,695
KS	17	1,476
KY	14	840
LA	8	60¢per 100#
ME	20	870
MD	27	10.75 per 1000#
MA	12	20 + \$7 per 1000#
MI	32	2,388
MN	35 +	1,760
MS	15	1,512
MO	51	1,719
MT	8 +	1,653 +
NE	17	85 + \$25 per 2000#
NV	15	4 per 1000#, min. \$30
NH	29	74¢ per 100#
NJ	28	54 + \$9.50 per 1000#
NM	29	151
NY	75¢ per 100#	2.50 per 500#
NC	20	1.15 per 100#
ND	70	1,769
OH	35	3.25 per 100#
OK	15 + 1.25% of value	1,098
OR	20	130 + \$% per 2000#
PA	24	1,125
RI	12	405
SC	12	834
SD	30	250 +
TN	21	1,301
TX	50	25 + 99¢ per 100#
UT	12	560
VT	36	16 per 1000#
VA	25	18 + \$15 per 1000#
WA	28 +	1,089
WV	30	78 + \$10 per 1000#
WI	25 :	1,700
WY	15	1.5 mills per 2000#

<u>DESCRIPTION</u>	<u>CURRENT LAW</u>	<u>HB 247</u>	<u>CS HB 247 (Trans</u>
Historic vehicle	one time fee - \$10	annual registration fee one time fee - \$10	annual reg. fee one time \$10 fe
Special request plates National Guard plates	annual registration fee one time fee - \$20 plate replacement fee	annual registration fee one time fee - \$30 plate replacement fee	annual reg. fee one time \$30 fe plate replacement fe
Disabled veteran handicapped person person 65 years or older	No charge	annual registration fee	annual reg. fee
a vehicle owned by state	No charge	No charge	No charge
a vehicle owned by state or municipal official	Annual registration fee	Annual registration fee \$30 annual plate fee	Annual reg. fee
a vehicle owned by consular official	\$35 annual fee (unless reciprocity)	\$35 annual fee (unless reciprocity)	Annual reg. fee (unless reciprocity)
a vehicle owned by a rancher, farmer, dairyman	\$30 annual fee	\$35 annual fee	Annual reg. fee
a snowmobile or off-highway vehicle	\$5 annual fee	\$5 annual fee	\$5 annual fee
An amateur mobile radio station vehicle with transceiver capable of less than 5 band	Annual registration fee	Annual registration fee	Annual reg. fee
public amateur radio station with at least five bands	No Charge	Annual registration fee	Annual reg. fee

Dealer plates initial set	\$45 annual fee	\$45 annual fee	\$45 annual fee
each subsequent set	\$25 annual fee	\$25 annual fee	\$25 annual fee
a vehicle owned by a municipality	\$5 annual fee	No charge	\$5 annual fee
a vehicle owned by charitable organizations	No charge	Annual registration fee	Annual reg. fee
Occasional use vehicle	\$15 annual fee	\$15 annual fee	\$15 annual fee
vehicle owned by Pearl Harbor survivor or POW	No charge	Annual registration fee	Annual reg. fee
Winter Olympics plates	Not in current statutes	Annual registration fee \$70 one time fee	Annual reg. fee \$70 one time fee

TABLE : (Continued)  
 MOTOR VEHICLE REGISTRATION FEES IN OTHER STATES

STATE	AMOUNT	ALLOCATION
<b>WASHINGTON</b> .....		
Motor Vehicle Excise Tax Fee (MVET)	2.454% of vehicle value 1% of vehicle value for recreational vehicles	Majority to General Fund 17% to Counties and Cities Surtaxes within MVET to: Washington State Ferry System and DOT Motor Vehicle Fund
Basic Renewal Fee	\$23.75 - renewal \$27.75 - first time registration	73% to Washington State Patrol 20% to DOT Motor Vehicle Fund 7% to WA State Ferry System
	Offroad vehicles-\$5.00/year	Outdoor Recreation Account
Combined Licensing Fee (Includes Basic Renewal Fee)	Based on weight (\$32.50 minimum, \$1,090.00 maximum)	55% to Washington State Patrol 42% to DOT Motor Vehicle Fund 3% to WA State Ferry System
<b>WYOMING</b> .....		
State Fees Basic Renewal Fee	Passenger Cars-\$15.00/year Motorcycles & ATVs-\$5.00/year House Trailers-\$15/year All Others-Based on weight \$2.00 minimum, \$60.00 maximum	Highway Department
County Fees Fee in lieu of personal property tax	3% of x% of factory price of vehicle (x% depends on age of vehicle)	County where vehicle registered

Prepared by the House Research Agency, August 1988 (89.038).

TABLE 1  
MOTOR VEHICLE REGISTRATION FEES IN OTHER STATES

STATE		AMOUNT	ALLOCATION
HAWAII .....	State Fees		
	Registration Fee	\$10.00/vehicle	HI DOT Highway Fund
	Weight Tax	Based on vehicle weight	HI DOT Highway Fund
	County Fees		
	Weight Tax	Based on vehicle weight	County Highway Fund
	Highway Beautification Fee	\$1.00/vehicle	Highway Beautification Revolving Fund
	Emblem Fee	\$0.50/vehicle	County General Fund
IDAHO .....	Registration Fees	Based on age or weight of vehicle	32.5% to Local Jurisdictions 6.0% to Dept. of Law Enforcement 61.5% to DOT
	Emc. Jency Medical Services Fee	\$0.75/vehicle	Dept. of Health & Welfare
	Recreational Vehicle Fee	Based on value of vehicle	\$3.50 to State Rec. Vehicle Acct. \$1.50 to county where registered 50% of balance to State Rec. Vehicle Acct. Remaining 50% of balance to county where registered
MONTANA .....	State Fees		
	Registration Fee	1.5% of sticker price of new automobiles	Dept. of Highways
	Gross Vehicle Weight Fee (on trucks and hauling vehicles)	Based on weight	Dept. of Highways
	Annual Plata Fee	\$8.00 - \$13.00	Motor Vehicles Revolving Acct.
	Junk Vehicle Fee	\$2.00/vehicle	Dept. of Health
	County Fees		
	Trade-in Price Fee	2% to 2.5% of average trade-in value	County
	Weed Fee	\$0.50/vehicle	County for highway weed control
OREGON .....	Renewal Fees		
		Passenger Cars-\$10.00/year	State Highway Fund
		Motorcycles-\$6.00/2 years	State Highway Fund
		Trucks, Trailers - Based on weight	State Highway Fund
	Recreational vehicles - Based on length	State Highway Fund	
	ATVs, Snowmobiles-\$10.00/year	ATV/Snowmobile Fund within State Highway Fund	

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Public Safety  
Title: Special license plates and fees BRU: Motor Vehicles  
Sponsor: House Finance Component: Field Services  
Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	3.1	3.1	3.1	3.1	3.1
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The adoption of HB 247 will have little effect on revenue collected. The section requiring owners of vehicles who currently pay little or no fees to pay regular fees is offset by sections reducing fees for some owners who now pay regular fees, and eliminating fees for municipalities.

The elimination of the \$5.00 fee for vehicles owned by charitable organizations would increase revenue by approximately \$79,295. The elimination of exempt status for other categories would increase revenue by approximately \$86,380. The total additional revenue estimated to be collected would be \$165,675.

Prepared by: George Gaguzis  
Division: Motor Vehicles

Phone: 269-5574  
Date: 03/31/89

3/31/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 03/31/89

The gains in revenue would be offset by the elimination of fees currently collected for school buses owned by private businesses transporting students to public schools in the amount of \$141,780, and municipal owned vehicles in the amount of \$20,790. Thus, the total loss in revenue is estimated to be \$162,570.

The result is an estimated net gain of revenue totaling \$3,105 annually.

On page 3, lines 24 through 27, it appears the intent is to remove the current senior citizen exemption. If that is the intent, this amendment by itself would not accomplish that task, since AS 28.10.411(f) would still allow for the exemption. Therefore, this fiscal note does not include additional revenue the State would receive if the senior citizen exemption is removed. That increase would be approximately \$280,000 annually.

Fiscal note based on assumption effective date will be July 1, 1989.

SENATE COMMITTEE REPORT

No Action taken by SFC

FURTHER

5/3/89

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

FIN

Committee considered

CSHB 247 (TRSP) am

special license plates and special license plate registration fees; and repealing certain registration fee exemptions

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

- FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous: fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_  
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Chair: \_\_\_\_\_ signature and recommendation

Committee Backup attached

Amended: 5/2/89

6-1057E

Offered: 4/19/89

Referred: Finance

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR HOUSE BILL NO. 247 (Transportation) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to special license plates and spe-  
7 cial license plate registration fees; and repealing  
8 certain registration fee exemptions."

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

10 \* Section 1. AS 28.10.181(e) is amended to read:

11 (e) Vehicles owned by the state or [,] municipalities [, AND  
12 CHARITABLE ORGANIZATIONS OF THE STATE]. A [EVERY] certificate of  
13 registration and registration plate issued to the state or [,] a  
14 municipality [OR CHARITABLE ORGANIZATION OF THE STATE] is in effect  
15 until the vehicle for which the registration certificate and plate  
16 were issued is no longer owned and operated by the state, or the  
17 municipality [OR THE CHARITABLE ORGANIZATION OF THE STATE] or until  
18 the department, in its discretion, declares its expiration. The state  
19 or [,] municipality [OR CHARITABLE ORGANIZATION OF THE STATE] shall  
20 maintain a current listing of all vehicles registered to it in the  
21 order of the registration number assigned to each vehicle, and shall  
22 provide a copy of the listing to the department upon request. The  
23 listing must [SHALL] include a description of each vehicle and other  
24 identifying information required by the department. Registration  
25 plates issued under this subsection must [SHALL] be of a distinctive  
26 design and numbering system. [FOR THE PURPOSES OF THIS SUBSECTION,  
27 "CHARITABLE ORGANIZATION" MEANS A NONPROFIT ASSOCIATION, CORPORATION,  
28 SOCIETY OR OTHER ENTITY ORGANIZED, INCORPORATED OR HEADQUARTERED IN  
29 THE STATE FOR EDUCATIONAL, CULTURAL, SCIENTIFIC OR OTHER CHARITABLE

PURPOSES, AS PRESCRIBED IN REGULATIONS OF THE DEPARTMENT.]

\* Sec. 2. AS 28.10.421(d) is amended to read:

(d) The special registration fees under this subsection are imposed annually, unless otherwise specified, for:

(1) an historic vehicle (one time only upon initial registration under AS 28.10.181).....\$10;  
plus the fee required for that vehicle under (b) of this section;

(2) special request plates including those authorized for use by Alaska National Guard personnel only.....\$30;  
plus the fee required for that vehicle under (b) [(b)(1) OR (2)] of this section; the fee required by this paragraph shall be collected only on the first issuance and on the replacement of special request plates;

(3) a vehicle owned by a disabled veteran or other handicapped person, and registered under AS 28.10.181 or a resident 65 years of age or older who files a written application for an exemption on a form prescribed by the department.....\$5  
[NONE];

(4) a vehicle owned by the state.....none;

(5) a vehicle owned by an elected state official....the fee required for that vehicle under (b) of this section;

(6) a vehicle owned by a consular officer, unless waived under AS 28.10.181.....the fee required for that vehicle under (b) of this section [\$35];

(7) a vehicle owned by a rancher, farmer, or dairyman and registered under AS 28.10.181.....the fee required for that vehicle under (b) or (c) of this section [\$35];

(8) a snowmobile or off-highway vehicle.....\$5;

(9) an amateur mobile radio station vehicle,

1 (A) with a transceiver capable of less than 5-band  
2 operation.....the fee  
3 required for that vehicle under (b) or (c) of this section;

4 (B) in recognition of service to the public: a mobile  
5 amateur radio station owned by an amateur with general class or  
6 higher license, provided the station must be satisfactorily  
7 proved capable of operating on at least five bands from 160  
8 through 10 meters, must have an antenna, and must have a power  
9 supply and wiring as a permanent part of the vehicle; the trans-  
10 mitting unit may be removed from the car for service or dry  
11 storage.....none  
12 for a mobile amateur radio station vehicle included in (b)(1) or  
13 (2) of this section;

14 (10) dealer registration plates,

15 (A) the initial set of plates.....\$45;

16 (B) each subsequent set of plates.....\$25;

17 (11) a vehicle owned by a municipality [OR CHARITABLE ORGA-  
18 NIZATION MEETING THE REQUIREMENTS OF AS 28.10.181(e)].....\$5;

19 (12) an occasional use vehicle under AS 28.10.181(k)....\$15;

20 (13) a vehicle owned by a Pearl Harbor survivor or a former  
21 prisoner of war.....none;

22 (14) special request Winter Olympics commemorative plates  
23 .....\$70

24 plus the fee required for that vehicle under (b)(1) or (2) of this  
25 section; the fee required by this paragraph shall be collected only on  
26 the first issuance and on the replacement of special request plates;  
27 the commissioner of administration shall separately account for the  
28 fees received under this paragraph that the department deposits in the  
29 general fund; the annual estimated balance in the account may be  
H

1 appropriated by the legislature to the Alaska sports fund established  
2 under AS 05.35.150.

3 \* Sec. 3. AS 28.10.411(f) and 28.10.431(h) are repealed.  
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007043

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 247 (TRSP)  
PUBLISH DATE: HOUSE 4/26/89

FISCAL NOTE

REQUEST:

Revision Date: 4-10-89  
Title: An Act relating to special license plates...  
Sponsor: House Finance  
Requestor: House Transportation

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	454.8	454.8	454.8	454.8	454.8
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Based on assumption effective date will be July 1, 1989.

Increase in revenues would be from following motor vehicle registration fee changes: 1) Delete exemption for owners 65 years of age or over, \$280,000; 2) Require charitable organizations to pay regular fee, \$80,000; 3) Delete exemption for disabled veteran or other handicapped person, \$69,000; 4) Delete exemption for specific amateur radio operators, \$15,000; 5) Require farm vehicles to pay regular fee, \$8,000; 6) Require Pearl Harbor survivors and POW's to pay regular fee, \$2,300; and 7) Require historic vehicle owners to pay regular fee one time only, \$500.

**RECEIVED**

APPROVED by Bill Brown  
Division Motor Vehicles  
APPROVED by Commissioner Arthur English  
Agency: Department of Public Safety

Phone: 465-4335  
Date: 4-10-89

Date: 4-10-89

H

B

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9

# HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: April 26, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/22/90

The FINANCE Committee considered:

HB 249

HOUSE BILL NO. 249

[INCOME OF PERMANENT FUND]

"An Act relating to income from the permanent fund."

### RECOMMENDATIONS:

- be replaced with CS HB 249 (FIN)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note A-FIN CMTE.
- zero with analysis \_\_\_\_\_
- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

### SIGNING DO PASS:

### SIGNING: (Check approp. column)

Do Not Pass No Rec Amend

[Signature] RIEGER  
[Signature] Swackhammer  
[Signature] BROWN  
[Signature] KOPONEN  
[Signature] UIMER  
[Signature] PHILLIPS

Signature	Do Not Pass	No Rec	Amend
<u>[Signature]</u> CARSON			
<u>[Signature]</u> HOFFMAN	X		
<u>[Signature]</u> BARNES	X		
<u>[Signature]</u> SHULTZ	X		
<u>[Signature]</u> WALLIS			

[Signature] Hoffman  
 Chairman's signature  
[Signature] CARSON

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act relating to income from the permanent fund  
Sponsor: House Finance  
Requestor: House Finance committee

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Division  
Alaska Permanent Fund Corporation  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance Committee Phone: 465-3727  
Division: Co-Chairman Ron Larson Date: 4/22/90

Approved by Commissioner: Co-Chairman Lyman Hoffman Date: 4/22/90  
Agency: Lyman Hoffman

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

Original sponsor(s): Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 249 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to income from the permanent fund."

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

8 \* Section 1. AS 37.13.140 is amended to read:

9 Sec. 37.13.140. INCOME. (a) Real [NET] income of the corpora-  
 10 tion shall be computed annually as of the last day of the fiscal year  
 11 in accordance with generally accepted accounting principles, excluding

12 (1) any unrealized gains or losses; and

13 (2) an amount determined by the corporation to be suffi-  
 14 cient to offset the effect of inflation on principal of the Alaska  
 15 permanent fund during that year, as measured by the change in the  
 16 calendar year average United States consumer price index for all urban  
 17 consumers, multiplied by the average principal balance of the fund  
 18 during that year.

19 (b) The amount calculated under (a)(2) of this section shall be  
 20 treated as a return of capital to the principal of the permanent fund  
 21 and shall be transferred by the corporation to the principal of the  
 22 permanent fund.

23 (c) For reporting purposes, the corporation may compute net  
 24 income by any method that accords with generally accepted accounting  
 25 principles.

26 (d) Income available for distribution equals 21 percent of the  
 27 real [NET] income of the corporation for the last five fiscal years,  
 28 including the fiscal year just ended, but may not exceed real [NET]  
 29 income of the corporation for the fiscal year just ended plus the

1 balance in the earnings reserve account described in AS 37.13.145.  
2 For years in which real income was not calculated, net income shall be  
3 used for purposes of determining the income available for distribu-  
4 tion.

5 \* Sec. 2. AS 37.13.145 is amended to read:

6 Sec. 37.13.145. DISPOSITION OF INCOME. At the end of each  
7 fiscal year, [AN AMOUNT SUFFICIENT TO OFFSET THE EFFECT OF INFLATION  
8 ON PRINCIPAL OF THE ALASKA PERMANENT FUND DURING THAT YEAR, AS  
9 MEASURED BY THE CHANGE IN THE CALENDAR YEAR AVERAGE UNITED STATES  
10 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS SHALL BE TRANSFERRED FROM  
11 NET INCOME AS DEFINED IN AS 37.13.140, EXCLUDING INCOME ON THE EARN-  
12 INGS RESERVE ACCOUNT IN THE ALASKA PERMANENT FUND, TO THE PRINCIPAL OF  
13 THE ALASKA PERMANENT FUND FOR REINVESTMENT. THE BALANCE OF] the  
14 income available for distribution under AS 37.13.140 shall be trans-  
15 ferred by the corporation to the earnings reserve account in the  
16 Alaska permanent fund. Money in the earnings reserve account shall be  
17 invested in investments authorized under AS 37.13.120. Income from  
18 the investment of the earnings reserve account shall be treated as an  
19 addition to that account.

20 \* Sec. 3. AS 43.23.045(b) is amended to read:

21 (b) Notwithstanding any contrary provision of law, each year the  
22 Alaska Permanent Fund Corporation [COMMISSIONER] shall transfer to the  
23 dividend fund 50 percent of the income of the Alaska permanent fund  
24 earned during the fiscal year ending on June 30 of the current year  
25 and available for distribution under AS 37.13.140(d). However, income  
26 earned on money awarded after trial in State v. Amerada Hess, et al.,  
27 [JU-77-847 Civ. (Superior Court, First Judicial District) shall be  
28 treated in the same manner as other income of the Alaska permanent  
29 fund, except that it is not available for distribution to the dividend

1 fund, and shall be annually deposited into the principal of the Alaska  
2 permanent fund. If the commissioner of revenue determines that the  
3 amount of a permanent fund dividend will be less than \$873, the com-  
4 missioner shall notify the corporation. Notwithstanding AS 37.13.145,  
5 the corporation shall transfer from the real income calculated under  
6 AS 37.13.140 to the dividend fund the amount needed to ensure that the  
7 dividend for that year equals \$873. If the amount of real income is  
8 insufficient for this purpose, the corporation shall transfer from the  
9 earnings reserve account the additional amount needed to ensure that  
10 the dividend equals \$873, or the balance in the account, whichever is  
11 less.

(Reger)

6-0768M  
Cook  
4/3/90

Original sponsor(s): Finance Committee

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 249 ( )  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the permanent fund, the Alaska  
7 Permanent Fund Corporation, and disposition of income  
8 from the permanent fund; and providing for an effec-  
9 tive date."

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

11 \* Section 1. AS 37.13.010(a) is amended to read:

12 (a) Under art. IX, sec. 15 of the state constitution, there is  
13 established as a separate fund the Alaska permanent fund. The [ALASKA  
14 PERMANENT] fund consists of

15 (1) 25 percent of all mineral lease rentals, royalties,  
16 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
17 (g), and federal mineral revenue sharing payments received by the  
18 state from mineral leases issued on or before December 1, 1979, and 25  
19 percent of all bonuses received by the state from mineral leases  
20 issued on or before February 15, 1980;

21 (2) 50 percent of all mineral lease rentals, royalties,  
22 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
23 (g), and federal mineral revenue sharing payments received by the  
24 state from mineral leases issued after December 1, 1979, and 50 per-  
25 cent of all bonuses received by the state from mineral leases issued  
26 after February 15, 1980;

27 (3) interest earned by the state on money described in (1)  
28 and (2) of this subsection before that money is deposited in the fund;

29 (4) any other money appropriated to or otherwise allocated

1 by law to the [ALASKA PERMANENT] fund.

2 \* Sec. 2. AS 37.13.020 is amended to read:

3 Sec. 37.13.020. FINDINGS. The people of the state, by constitu-  
4 tional amendment, have required the placement of at least 25 percent  
5 of all mineral lease rentals, royalties, royalty sale proceeds, and  
6 federal mineral revenue sharing payments and bonuses received by the  
7 state into a permanent fund. The legislature finds with respect to  
8 the fund [ALASKA PERMANENT FUND CORPORATION] that

9 (1) the fund [CORPORATION] should provide a means of con-  
10 serving a portion of the state's revenue from mineral resources to  
11 benefit all generations of Alaskans;

12 (2) the fund's [CORPORATION'S] goal should be to maintain  
13 safety of principal while maximizing total return;

14 (3) the fund [CORPORATION] should be used as a savings  
15 device managed to allow the maximum use of disposable income from the  
16 fund [CORPORATION] for purposes designated by law.

17 \* Sec. 3. AS 37.13.030 is amended to read:

18 Sec. 37.13.030. PURPOSE. It is the purpose of this chapter to  
19 provide a mechanism for the management and investment of those [PERMA-  
20 NENT] fund assets by [ALLOCATED TO] the Alaska Permanent Fund Corpora-  
21 tion in a manner consistent with the findings in AS 37.13.020.

22 \* Sec. 4. AS 37.13.040 is amended to read:

23 Sec. 37.13.040. ALASKA PERMANENT FUND CORPORATION. There is  
24 established the Alaska Permanent Fund Corporation. The corporation is  
25 a public corporation and government instrumentality in the Department  
26 of Revenue managed by the board of trustees. The purpose of the  
27 corporation [BOARD] is to manage and invest the assets of the perma-  
28 ment fund and other funds designated by law [CORPORATION] in accor-  
29 dance with this chapter.

1 \* Sec. 5. AS 37.13.060 is amended to read:

2       Sec. 37.13.060. TERM OF OFFICE. The public members of the board  
3 shall be appointed for terms of six [FOUR] years, and they may be  
4 reappointed. The terms of the public members shall be staggered so  
5 that no more than one term of a public member expires each year.

6 \* Sec. 6. AS 37.13.110(b) is amended to read:

7       (b) If a member of the board or an employee of the corporation  
8 acquires, owns, or controls an interest, direct or indirect, in an  
9 entity or project in which fund [CORPORATION] assets are invested, the  
10 member shall immediately disclose the interest to the board. The  
11 disclosure is a matter of public record and shall be included in the  
12 minutes of the board meeting next following the disclosure.

13 \* Sec. 7. AS 37.13.120(a) is amended to read:

14       (a) The prudent-man rule shall be applied by the board in the  
15 management and investment of [ALASKA PERMANENT] fund assets. The  
16 prudent-man rule as applied to investments of the fund [CORPORATION]  
17 means that in making investments the board shall exercise the judgment  
18 and care under the circumstances then prevailing that an institutional  
19 investor of ordinary prudence, discretion, and intelligence exercises  
20 in the management of large investments entrusted to it not in regard  
21 to speculation but in regard to the permanent disposition of funds,  
22 considering probable safety of capital as well as probable income.

23 \* Sec. 8. AS 37.13.120(b) is amended to read:

24       (b) The fund [CORPORATION] assets shall only be used for income-  
25 producing investments.

26 \* Sec. 9. AS 37.13.120(e) is amended to read:

27       (e) The corporation may not borrow money [FUNDS] or guarantee  
28 from principal of the [ALASKA PERMANENT] fund the obligations of  
29 others.

1 \* Sec. 10. AS 37.13.120(g) is amended to read:

2 (g) Subject to the limitations contained in this section, the  
3 board may invest fund [CORPORATION] assets at the competitive national  
4 market rates or prices that are applicable to each investment only in

5 (1) obligations of, or obligations insured by or guaranteed  
6 by, the United States or agencies or instrumentalities of the United  
7 States;

8 (2) obligations secured by reserves paid in by the United  
9 States or agencies or instrumentalities of the United States or obli-  
10 gations of corporations in which the United States is a shareholder or  
11 member;

12 (3) certificates of deposit and term deposits of United  
13 States domestic banks that are members of the Federal Deposit Insur-  
14 ance Corporation and that may be readily sold in a secondary market at  
15 prices reflecting fair value or that are fully secured at all times as  
16 to payment of principal and interest as described in (m) of this  
17 section;

18 (4) [CERTIFICATES OF DEPOSIT AND TERM DEPOSITS OF FEDERALLY  
19 CHARTERED SAVINGS AND LOAN ASSOCIATIONS IN ALASKA THAT MAY BE READILY  
20 SOLD IN A SECONDARY MARKET AT PRICES REFLECTING FAIR VALUE OR THAT ARE  
21 FULLY SECURED AT ALL TIMES AS TO PAYMENTS OF PRINCIPAL AND INTEREST AS  
22 DESCRIBED IN (m) OF THIS SECTION;

23 (5) CERTIFICATES OF DEPOSIT AND TERM DEPOSITS OF STATE  
24 CHARTERED SAVINGS AND LOAN ASSOCIATIONS IN ALASKA THAT MAY BE READILY  
25 SOLD IN A SECONDARY MARKET AT PRICES REFLECTING FAIR VALUE OR THAT ARE  
26 FULLY SECURED AT ALL TIMES AS TO PAYMENTS OF PRINCIPAL AND INTEREST AS  
27 DESCRIBED IN (m) OF THIS SECTION;

28 (6) CERTIFICATES OF DEPOSIT AND TERM DEPOSITS OF MUTUAL  
29 SAVINGS BANKS IN ALASKA THAT MAY BE READILY SOLD IN A SECONDARY MARKET

1 AT PRICES REFLECTING FAIR VALUE OR THAT ARE FULLY SECURED AT ALL TIMES  
2 AS TO PAYMENTS OF PRINCIPAL AND INTEREST AS DESCRIBED IN (m) OF THIS  
3 SECTION;

4 (7) FIXED-TERM CERTIFICATES OF INDEBTEDNESS OF FEDERALLY  
5 INSURED CREDIT UNIONS IN ALASKA THAT MAY BE READILY SOLD IN A SECON-  
6 DARY MARKET AT PRICES REFLECTING FAIR VALUE OR THAT ARE FULLY SECURED  
7 AT ALL TIMES AS TO PAYMENTS OF PRINCIPAL AND INTEREST AS DESCRIBED IN  
8 (m) OF THIS SECTION;

9 (8)] domestic corporate debt securities that are rated AA  
10 or better by a nationally recognized rating service, or nondomestic  
11 corporate debt securities of comparable quality;

12 (5) [(9)] short-term

13 (A) domestic corporate promissory notes of the highest  
14 ratings assigned by a nationally recognized rating service; [,]  
15 or

16 (B) nondomestic corporate promissory notes of compara-  
17 ble quality, the interest on which may be payable in either  
18 United States dollars or nondomestic currencies;

19 (6) [(10)] bankers' acceptances drawn on and accepted by  
20 United States banks each of which has a combined capital and surplus  
21 aggregating at least \$200,000,000;

22 (7) [(11)] repurchase agreements, the securities underlying  
23 the agreements being any of the items in (1) - (6) [(1) - (3) AND  
24 (8) - (10)] of this subsection;

25 (8) [(12) THE GUARANTEED PORTION OF FEDERAL SMALL BUSINESS  
26 ADMINISTRATION LOANS;

27 (13) THE PORTION OF FIRST LIEN REAL ESTATE MORTGAGES GUARAN-  
28 TEED BY THE FEDERAL VETERANS ADMINISTRATION;

29 (14)] the portions of business and industrial loans made

1 under the Rural Development Act of 1972 that are guaranteed by the  
2 Farmers Home Administration;

3 (9) [(15)] the guaranteed portion of Farmers Home Adminis-  
4 tration loans;

5 (10) [(16)] notes secured by mortgages granting a first lien  
6 on [COMMERCIAL OR] residential real estate improved by completed  
7 buildings if the mortgages are insured by a private mortgage insurance  
8 corporation that is authorized to do business in this state [ALASKA]  
9 and has combined capital and surplus aggregating at least \$20,000,000,  
10 and if loan-to-value ratios do not exceed [75 PERCENT FOR COMMERCIAL  
11 MORTGAGES AND] 90 percent [FOR RESIDENTIAL MORTGAGES]; however,

12 [(A) MORTGAGE INSURANCE IS NOT NECESSARY FOR COMMERCIAL  
13 LOANS HAVING LOAN-TO-VALUE RATIOS OF LESS THAN 50 PERCENT AND THE  
14 MINIMUM COVERAGE OF OTHER COMMERCIAL LOANS SHALL BE 10 PERCENT  
15 FOR THOSE HAVING A LOAN-TO-VALUE RATIO OF 50 - 60 PERCENT AND 15  
16 PERCENT FOR THOSE HAVING A LOAN-TO-VALUE RATIO GREATER THAN 60  
17 PERCENT BUT NO MORE THAN 75 PERCENT; AND

18 (B)] mortgage insurance is not necessary for residen-  
19 tial loans having a loan-to-value ratio of less than 70 percent  
20 and the minimum coverage of other residential loans shall be 10  
21 percent for those having a loan-to-value ratio greater than 70  
22 percent but less than 90 percent and 20 percent for those having  
23 a loan-to-value ratio of 90 percent;

24 (11) [(17)] NOTES SECURED BY MORTGAGES GRANTING A FIRST LIEN  
25 ON COMMERCIAL REAL ESTATE IMPROVED BY COMPLETED BUILDINGS IF THE  
26 ORIGINATING FINANCIAL INSTITUTION RETAINS AT LEAST 25 PERCENT OF THE  
27 MORTGAGE UNTIL MATURITY;

28 (18)] preferred and common stock of corporations incorpo-  
29 rated in the United States;

1           (12) [~~(19)~~] certificates of deposit, term deposits, or  
2 bankers' acceptances, that are issued by a United States or nondomes-  
3 tic bank or trust company located outside of the United States and are  
4 denominated in United States or nondomestic currency, if either (A)  
5 they may be readily sold in a secondary market at prices reflecting  
6 fair value, or (B) the issuing bank or trust company has capital,  
7 surplus, and retained earnings at the date of issue equaling at least  
8 \$500,000,000; investments made under this paragraph are not subject to  
9 the collateral requirements for domestic certificates under (m) of  
10 this section;

11           (13) [~~(20)~~] equity interests in, and debt obligations se-  
12 cured by mortgages granting a first lien on, real estate improved by  
13 completed and substantially rented buildings and located in the United  
14 States, if these investments are made

15           (A) in a corporation, partnership, trust, or other  
16 entity in which, at the conclusion of each investment trans-  
17 action, at least 60 percent of the beneficial ownership interests  
18 are held by other institutional investors, and which is organized  
19 and operated for the purpose of making real estate investments by  
20 a bank, insurance company, or other manager of institutional  
21 funds that has had at least five years of experience in the  
22 management of real estate investments of institutional investors;  
23 or

24           (B) with corporations, partnerships, trusts, or en-  
25 tities in which, at the conclusion of each investment trans-  
26 action, at least 60 percent of the beneficial ownership interests  
27 in the co-investing entity or entities as a whole are held by  
28 institutional investors, if

29           (i) at the time of investment the fund has no

1 more than a 40 percent beneficial ownership interest in the  
2 real estate invested in as a whole;

3 (ii) the rights and obligations of the fund are  
4 substantially similar to those of the other institutional  
5 investors, except for the percentage interest in the proper-  
6 ty; and

7 (iii) the property is managed and operated by an  
8 entity that has had at least five years of experience in the  
9 management of real estate investments of institutional  
10 investors [IN CONJUNCTION WITH AND ON SUBSTANTIALLY THE SAME  
11 TERMS AS AN ENTITY DESCRIBED IN (A) OF THIS PARAGRAPH];

12 (14) [(21)] securities of non-domestic governments and  
13 non-domestic government agencies, the principal of, or interest on,  
14 which is payable in either United States dollars or non-domestic  
15 currencies;

16 (15) [(22)] securities of non-domestic corporations, includ-  
17 ing common and preferred stock, whose dividends, if any, may be pay-  
18 able in either United States dollars or non-domestic currencies;

19 (16) taxable municipal or state debt securities that are  
20 rated "AA" or better by a nationally recognized rating service.

21 \* Sec. 11. AS 37.13.120(i) is amended to read:

22 (i) The [ALASKA PERMANENT] fund may at no time own more than  
23 five percent of the voting stock of a corporation. Domestic stocks,  
24 except for bank and insurance company stocks, must be listed at the  
25 date of purchase on an exchange registered with the Securities and  
26 Exchange Commission. At the time of each investment, the aggregate  
27 investment of the fund in each stated category of investment may not  
28 exceed the following stated percentage of the total investments of the  
29 fund:

1 (1) mortgages under (g)(10) [(g)(16)] of this section - 15  
2 percent;

3 (2) real estate investments under (g)(13) [(g)(20)] of this  
4 section - 15 percent;

5 (3) certificates of deposit, term deposit, or bankers'  
6 acceptances under (g)(12) [(g)(19)] of this section - 20 percent;

7 (4) securities of nondomestic governments, nondomestic  
8 government agencies, and nondomestic corporations under (g)(4), (14),  
9 and (15) [(g)(8), (21), AND (22)] of this section, domestic corporate  
10 stocks and debt securities under (g)(4) [(g)(8)] and (11) [(18)] of  
11 this section, and short-term nondomestic corporate promissory notes  
12 under (g)(5)(B) [(g)(9)(B)] of this section - 50 percent.

13 \* Sec. 12. AS 37.13.120(j) is amended to read:

14 (j) The assets of the [ALASKA PERMANENT] fund may not be used  
15 for the purchase of bonds of a corporation, upon which any regular  
16 interest payment has been defaulted within five years before purchase,  
17 except bonds never in default but which have been outstanding for less  
18 than five years.

19 \* Sec. 13. AS 37.13.120(k) is amended to read:

20 (k) The board shall establish and from time to time as necessary  
21 modify guidelines for the investment of the assets of the fund [CORPO-  
22 RATION]. Before adoption of any guidelines the guidelines shall be  
23 reported to the Legislative Budget and Audit Committee for review and  
24 comment.

25 \* Sec. 14. AS 37.13.120(1) is amended to read:

26 (1) The board shall invest the assets of the fund [CORPORATION]  
27 in in-state investments to the extent in-state investments are avail-  
28 able if the in-state investments

29 (1) have a risk level and expected yield comparable to

1 alternate investment opportunities; [AND]

2 (2) are included in the list of permissible investments in  
3 (g) of this section; and

4 (3) are consistent with prudent portfolio diversification.

5 \* Sec. 15. AS 37.13.120(m) is amended to read:

6 (m) Certificates of deposit or the equivalent instruments that  
7 are not of a quality that may be readily sold in a secondary market at  
8 prices reflecting fair value must be secured by a pledge as collateral  
9 of

10 (1) investments authorized for the [ALASKA PERMANENT] fund  
11 under (g)(1), (2), (4), or (8) - (10) [(8), OR (12) - (17)] of this  
12 section;

13 (2) [OR BY A PLEDGE AS COLLATERAL OF] obligations of the  
14 state or instrumentalities of the state that are rated at least "A" by  
15 a major bond rating service and have a demonstrated secondary market,  
16 which investments or obligations have value at least equal to the face  
17 value of the certificate of deposit;

18 (3) the guaranteed portion of Federal Small Business Admin-  
19 istration loans;

20 (4) the portion of first lien real estate mortgages guaran-  
21 teed by the federal Veterans Administration; or

22 (5) notes secured by mortgages granting a first lien on  
23 commercial or residential real estate improved by completed buildings  
24 if the originating financial institution retains at least 25 percent  
25 of the mortgage until maturity. [THE BOARD MAY REQUIRE SUBSTITUTION  
26 OF COLLATERAL IN ORDER TO ENSURE CONTINUED SATISFACTION OF THE RE-  
27 QUIREMENTS SET OUT IN THIS SUBSECTION.]

28 \* Sec. 16. AS 37.13.120 is amended by adding a new subsection to read:

29 (n) The board may require substitution of collateral in order to

1 ensure continued satisfaction of the requirements set out in (m) of  
2 this section.

3 \* Sec. 17. AS 37.13.140 is amended to read:

4 Sec. 37.13.140. INCOME. (a) Real [NET] income of the fund  
5 includes income of the earnings reserve account established in AS 37.-  
6 13.145 and [CORPORATION] shall be computed annually as of the last day  
7 of the fiscal year in accordance with generally accepted accounting  
8 principles, excluding

9 (1) any unrealized gains or losses; and

10 (2) an amount determined by the corporation to be suffi-  
11 cient to offset the effect of inflation on principal of the fund  
12 during that year, as measured by the change in the calendar year  
13 average United States consumer price index for all urban consumers,  
14 multiplied by the average principal balance of the fund during that  
15 year.

16 (b) The amount calculated under (a)(2) of this section shall be  
17 treated as a return of capital to the principal of the fund and shall  
18 be transferred by the corporation to the principal of the fund.

19 (c) For reporting purposes, the corporation may compute net  
20 income by any method that accords with generally accepted accounting  
21 principles.

22 (d) Income available for distribution equals 21 percent of the  
23 real [NET] income of the fund [CORPORATION] for the last five fiscal  
24 years, including the fiscal year just ended, but may not exceed real  
25 [NET] income of the fund [CORPORATION] for the fiscal year just ended  
26 plus the balance in the earnings reserve account described in AS 37.-  
27 13.145. For years in which real income was not calculated, net income  
28 shall be used for purposes of determining the income available for  
29 distribution.

1 \* Sec. 18. AS 37.13.145 is repealed and reenacted to read:

2       Sec. 37.13.145. DISPOSITION OF INCOME. (a) The earnings re-  
3 serve account is established as a separate account in the fund. At  
4 the end of each fiscal year, the income available for distribution  
5 calculated under AS 37.13.140 shall be transferred by the corporation  
6 to the account. Money in the account shall be invested in investments  
7 authorized under AS 37.13.120.

8       (b) At the end of each fiscal year, the corporation shall trans-  
9 fer from the earnings reserve account to the dividend fund (AS 43.23.-  
10 045) 50 percent of the income available for distribution calculated  
11 under AS 37.13.140. However, income earned on money awarded after  
12 trial in State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior  
13 Court, First Judicial District) shall be treated in the same manner as  
14 other income of the permanent fund, except that it is not available  
15 for distribution to the dividend fund, and shall be annually deposited  
16 into the principal of the permanent fund.

17       (c) After the transfer under (b) of this section, if the commis-  
18 sioner of revenue determines that the amount of each permanent fund  
19 dividend for that year will be less than \$873, the commissioner shall  
20 notify the corporation. The corporation shall transfer from the real  
21 income calculated under AS 37.13.140 to the dividend fund the amount  
22 needed to ensure that the dividend equals \$873. If the amount of real  
23 income is insufficient for this purpose, the corporation shall trans-  
24 fer from the earnings reserve account the additional amount needed to  
25 ensure that the dividend equals \$873 or the balance in the account,  
26 whichever is less.

27 \* Sec. 19. AS 37.13.150 is amended to read:

28       Sec. 37.13.150. CORPORATION BUDGET. The revenue generated by  
29 the fund's [CORPORATION'S] investments must be identified as the

1 source of the operating budget of the corporation in the state's  
2 operating budget under AS 37.07 (Executive Budget Act). The unexpend-  
3 ed balance of the corporation's annual operating budget does not lapse  
4 at the end of the fiscal year but shall be treated as income under  
5 AS 37.13.140.

6 \* Sec. 20. AS 37.13.160 is amended to read:

7 Sec. 37.13.160. AUDITS. The Legislative Budget and Audit Com-  
8 mittee may provide for an annual post audit and annual operational and  
9 performance evaluations of the fund's [CORPORATION'S] investments and  
10 investment programs.

11 \* Sec. 21. AS 37.13.170 is amended to read:

12 Sec. 37.13.170. REPORTS AND PUBLICATIONS. By September 30 of  
13 each year, the board shall publish a report of the fund [CORPORATION]  
14 for distribution to the governor, legislature, and the public. The  
15 report shall be written in easily understandable language. The report  
16 must include financial statements audited by independent outside  
17 auditors, a statement of the amount of money received by the [ALASKA  
18 PERMANENT] fund from each investment during the period covered, a  
19 statement of investments of the fund [CORPORATION] including an ap-  
20 praisal at market value, a description of fund [CORPORATION] invest-  
21 ment activity during the period covered by the report, a comparison of  
22 the fund [CORPORATION] performance with the intended goals contained  
23 in AS 37.13.020, an examination of the impact of the investment cri-  
24 teria of this chapter on the fund [CORPORATION] portfolio with recom-  
25 mendations of any needed changes, and any other information the board  
26 believes would be of interest to the governor, the legislature, and  
27 the public. The annual income statement and balance sheet of the fund  
28 [CORPORATION] shall be published in at least one newspaper in each  
29 judicial district. The income statement and balance sheet for the two

1 fiscal years preceding the publication of the election pamphlet under  
2 AS 15.58 shall be included in that pamphlet.

3 \* Sec. 22. AS 37.13.180 is amended to read:

4 Sec. 37.13.180. TAX EXEMPTION. The corporation and the fund  
5 are [IS] exempt from all taxes and assessments in the state. All  
6 security instruments issued by the corporation or the fund, their  
7 transfer, and their income are exempt from all taxes and assessments  
8 in the state.

9 \* Sec. 23. AS 37.13.190 is amended to read:

10 Sec. 37.13.190. POLITICAL ACTIVITIES. The resources of the  
11 corporation or the fund may not be used to finance or influence polit-  
12 ical activities.

13 \* Sec. 24. AS 37.13.210 is amended by adding a new paragraph to read:

14 (3) "fund" means the Alaska permanent fund established  
15 under art. IX, sec. 15, Constitution of the State of Alaska.

16 \* Sec. 25. AS 43.23.025(a) is amended to read:

17 (a) By October 1 of each year the commissioner shall give public  
18 notice of the value of each permanent fund dividend for that year.  
19 The public notice shall contain a statement disclosing the amount by  
20 which each individual dividend has been reduced in order to pay the  
21 costs of administering the program and the hold harmless provisions of  
22 AS 43.23.075. The commissioner shall also include the statement on the  
23 stub attached to each individual dividend check. The commissioner  
24 shall determine the value of a permanent fund dividend by

25 (1) determining the total amount available for dividend  
26 payments, which equals

27 (A) the amount of income of the Alaska permanent fund  
28 transferred to the dividend fund under AS 37.13.145(b) and (c)  
29 [AS 43.23.045(b)] during the current year;

1 (B) plus the unexpended and unobligated balances of  
2 prior fiscal year appropriations that lapse into the dividend  
3 fund under AS 43.23.045(d);

4 (C) less the amount necessary to pay dividends from  
5 the dividend fund in the current year under AS 43.23.055(3);

6 (D) less the amount necessary to pay dividends from  
7 the dividend fund due to eligible applicants who, as determined  
8 by the department, filed for a previous year's dividend by the  
9 filing deadline but who were not included in a previous year's  
10 dividend computation;

11 (2) determining the number of individuals eligible to  
12 receive a dividend payment for the current year; and

13 (3) dividing the amount determined under (1) of this sec-  
14 tion by the amount determined under (2) of this section.

15 \* Sec. 26. AS 43.23.045(b) is repealed.

16 \* Sec. 27. Notwithstanding AS 37.13.060, as amended in sec. 5 of this  
17 Act, the members of the board of the Alaska Permanent Fund Corporation in  
18 office on the effective date of this Act serve only the period of the term  
19 of office to which they were appointed.

20 \* Sec. 28. This Act takes effect July 1, 1990.

Item 3

Back-up



**Alaska Permanent Fund Corporation**

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047 Telecopy (907) 586-2057

MEMORANDUM

DATE: April 7, 1989

TO: Representative Steve Reiger

FROM: Jim Kelly JK  
Research & Liaison Officer

SUBJECT: Analysis of Proposed Committee Substitute for  
House Bill No. 249 (State Affairs)

Attached are three financial projections prepared by the Alaska Permanent Fund Corporation at your request.

**Financial Projection #1:** This is the status quo case as of February 28, 1989. It provides the benchmark against which to compare and contrast any changes to current law.

**Financial Projection #2:** This projection depicts the impacts of the proposed Committee Substitute for House Bill No. 249 (State Affairs). It is the Corporation's understanding that this bill would work as follows:

- 1) beginning in fiscal 1990, inflation-proofing would be made the first priority use of Fund income;
- 2) the dividend formula would be changed to figure the calculations on "real" income rather than "net" income; this change in the formula would begin phasing in in fiscal 1990;
- 3) notwithstanding the dividend formula, a \$750 floor would be in place for per capita dividends for every year in the future.

Summary Analysis of Impact: Compared to the status quo, adoption of this proposal would increase future Fund principal and income, reduce annual dividend payments, and add to Fund reserves. These results occur for two reasons: (1) making inflation-proofing the first priority use of Fund income eliminates the inflation-proofing shortfalls which otherwise would be expected to occur; and (2) changing the dividend formula to use "real" income rather than

Representative Steve Reiger  
April 7, 1989  
Page 2

"net" income reduces the amount of Fund income paid out for dividends.

**Financial Projection #3:** This projection is identical to #2 above except that rather than assuming a long-term real rate of return for the Fund of 3% (9% nominal return minus 6% inflation), this assumes a long-term real rate of return of 4% (10% nominal return minus 6% inflation).

Summary Analysis of Impact: Assuming a 1% increase in the Fund's long-term average real rate of return results in the production of nearly \$6 billion more net income over the next 16 year, a more-than-doubling of the amount of real income added to reserves in future years, and the provision of per capita dividends in amounts exceeding the \$750 floor beginning in the fiscal 2000.

**For Your Information:** These projections are based on a certain set of basic assumptions; the numbers shown on these sheets would change if different assumptions were used. The assumptions used in the preparation of each projection are listed at the bottom of each projection sheet, and explained herein.

It is the Corporation's policy to use conservative assumptions wherever possible. Thus, the Fund's long-term rate of return is projected to average 3% per year after inflation; long-term inflation is projected to average 6% per year; and the assumptions for numbers of future dividend recipients and amounts of future dedicated State oil revenues are taken from the Department of Revenue's Fall 1988 "low case" forecast.

PLEASE NOTE THAT THE CORPORATION NEITHER SUPPORTS NOR OPPOSES ANY PROPOSED CHANGES TO THE CURRENT USE OF FUND EARNINGS, EXCEPT AS THEY MAY RELATE TO THE PROPER EXERCISE OF THE TRUSTEES' FIDUCIARY RESPONSIBILITIES AS REQUIRED UNDER THE PRUDENT INVESTOR RULE.



# 1

## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of February 28, 1989

FY	PRINCIPAL						INCOME					Reserves		
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Net Income	Distributions			General Fund	Add (Delete)	FY End Balance	
								Per Capita Dividends	Inflation Proofing	General Fund				
78			54		54		2				1			7
79	54		84		139		8				7			7
80	139		344		483		32	12			12			8
81	483	900	385		1,769		150	28			28	59	59	8
82	1,769	800	402		2,969		368	71	\$1,000.00		71	185	244	8
83	2,969	400	421	231	4,021		471	108	\$386.15	231	110	110	354	8
84	4,021	300	366	151	4,838		530	175	\$331.29	151		203	557	8
85	4,833	300	368	235	5,741		658	217	\$404.00	235		206	763	8
86	5,741		323	216	6,281		1,021	303	\$556.26	216		501	1,264	8
87	6,281	1,264	171	148	7,864		1,069	391	\$708.19	148		529	529	8
88	7,864		418	303	8,585		789	424	\$826.93	303		62	591	8
89	8,585		184	358	9,127		829	458	\$837.42	358		13	604	8
90	9,127		190	466	9,783		819	476	\$861.10	466		( 123)	481	9
91	9,783		83	592	10,457		971	472	\$844.58	592		( 92)	389	9
92	10,457		89	633	11,179		1,026	468	\$829.90	633		( 75)	315	9
93	11,179		88	676	11,942		1,087	497	\$873.55	676		( 86)	229	9
94	11,942		85	722	12,749		1,151	531	\$925.08	722		( 101)	128	9
95	12,749		81	770	13,600		1,217	573	\$990.14	770		( 125)	2	9
96	13,600		77	682	14,359	138	1,286	606	\$1,038.15	682		( 2)		9
97	14,359		74	716	15,150	150	1,357	640	\$1,088.12	716				9
98	15,150		69	755	15,974	159	1,431	676	\$1,139.46	755				9
99	15,974		65	795	16,834	168	1,509	714	\$1,192.10	795				9
0	16,834		62	836	17,732	177	1,589	753	\$1,246.38	836				9
1	17,732		58	880	18,670	187	1,674	794	\$1,302.22	880				9
2	18,670		55	926	19,651	198	1,762	836	\$1,360.04	926				9
3	19,651		51	974	20,676	209	1,854	881	\$1,419.60	974				9
4	20,676		47	1,024	21,746	220	1,951	927	\$1,479.95	1,024				9
5	21,746		43	1,076	22,865	232	2,051	976	\$1,543.92	1,076				9
<b>Cumulative Totals:</b>							28,662	13,006	\$23,184.55	14,163	229			

**ASSUMPTIONS:**

4.08% Inflation Rate FY 89  
9.12% Rate of Return FY 89

5.00% Inflation Rate FY 90  
8.00% Rate of Return FY 90

\* SOURCE: Alaska Department of Revenue  
Low Case Forecast - November 1988  
With Consensus Revenue Estimates for FY 89-90

6.00% Inflation Rate FY 91-05



#2

## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of February 28, 1989

FY	PRINCIPAL					INCOME									
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing	FY End Balance	Inflation Proofing Shortfall	Distributions			Reserves					
							Net Income	Inflation Proofing	Per Capita Dividends**	General Fund	Add (Delete)	FY End Balance			
78			54		54					2			1		
79	54		84		139					8			7		
80	139		344		483					32		12	12		
81	483	900	385		1,769					150		28	28	59	59
82	1,769	800	401		2,969					368		71	71	185	244
83	2,969	400	421	231	4,021		231	108	\$386.15	471		175	110	110	354
84	4,021	300	366	151	4,838		151	175	\$331.29	530		217	203	203	557
85	4,838	300	368	235	5,741		235	217	\$404.00	658		303	206	206	763
86	5,741		323	216	6,281		216	303	\$556.26	1,021		148	501	1,264	1,264
87	6,281	1,264	171	148	7,864		148	391	\$708.19	1,069		424	529	529	529
88	7,864		418	303	8,585		303	424	\$826.93	789			62	62	591
89	8,585		184	358	9,127		358	458	\$837.42	829			13	13	604
90	9,127		190	466	9,783		466	427	\$770.01	819			( 74)	( 74)	530
91	9,783		83	592	10,458		592	420	\$750.00	976			( 36)	( 36)	494
92	10,458		89	633	11,179		633	425	\$750.00	1,036			( 21)	( 21)	473
93	11,179		88	676	11,943		676	429	\$750.00	1,102			( 3)	( 3)	471
94	11,943		85	722	12,750		722	433	\$750.00	1,174			19	19	490
95	12,750		81	770	13,600		770	438	\$750.00	1,252			44	44	534
96	13,600		77	821	14,498		821	442	\$750.00	1,336			73	73	606
97	14,498		74	874	15,447		874	447	\$750.00	1,427			106	106	712
98	15,447		69	931	16,447		931	451	\$750.00	1,526			144	144	856
99	16,447		65	991	17,503		991	456	\$750.00	1,634			187	187	1,043
0	17,503		62	1,054	18,618		1,054	461	\$750.00	1,751			236	236	1,278
1	18,618		58	1,121	19,797		1,121	466	\$750.00	1,878			291	291	1,570
2	19,797		55	1,191	21,043		1,191	471	\$750.00	2,016			354	354	1,924
3	21,043		51	1,266	22,360		1,266	476	\$750.00	2,167			425	425	2,349
4	22,360		47	1,344	23,752		1,344	482	\$750.00	2,331			505	505	2,854
5	23,752		43	1,428	25,222		1,428	487	\$750.00	2,509			595	595	3,449
Cumulative Totals:		3,964	4,737	16,521	25,222					30,859	16,521	9,397	\$17,070.25	229	

**ASSUMPTIONS:**

4.08% Inflation Rate FY 89  
9.12% Rate of Return FY 89

5.00% Inflation Rate FY 90  
8.00% Rate of Return FY 90

\* SOURCE: Alaska Department of Revenue  
Low Case Forecast - November 1988  
With Consensus Revenue Estimates for FY 89-90

4/7/89

6.00% Inflation Rate FY 91-05  
9.00% Rate of Return / / 91-05

\*\* SOURCE: Population Projections From  
Revenue Low Case Forecast - November 1988



#3

## Alaska Permanent Fund Corporation

### FINANCIAL PROJECTIONS (in millions)

as of February 28, 1989

FY	PRINCIPAL				INCOME					Reserves	
	FY Begin Balance	Appropriations	Dedicated State Revenues*	Inflation Proofing Balance	Inflation Proofing Shortfall	Net Income	Inflation Proofing	Per Capita Dividends**	General Fund	Add (Delete)	FY End Balance
78			54			2			1		
79	54		84		139	8			7		
80	139		344		483	32		12	12		
81	483	900	385		1,769	150		28	28	59	59
82	1,769	800	401		2,969	368		71	71	185	244
83	2,969	400	421	231	4,021	471	231	108	110	110	354
84	4,021	300	366	151	4,838	530	151	175	110	203	557
85	4,838	300	368	235	5,741	658	235	217	110	206	763
86	5,741		323	216	6,281	1,021	216	303	110	501	1,264
87	6,281	1,264	171	148	7,864	1,069	148	391	110	529	529
88	7,864		418	303	8,585	789	303	424	110	62	591
89	8,585		184	358	9,127	829	358	458	110	13	604
90	9,127		190	466	9,783	819	466	427	110	(74)	550
91	9,783		83	592	10,458	1,092	592	420	110	78	608
92	10,458		89	633	11,179	1,170	633	425	110	112	720
93	11,179		88	676	11,943	1,257	676	429	110	152	873
94	11,943		85	722	12,750	1,354	722	433	110	199	1,071
95	12,750		81	770	13,600	1,459	770	438	110	252	1,323
96	13,600		77	821	14,498	1,575	821	442	110	312	1,635
97	14,498		74	874	15,447	1,702	874	447	110	381	2,016
98	15,447		69	931	16,447	1,842	931	451	110	459	2,476
99	16,447		65	991	17,503	1,995	991	456	110	548	3,024
0	17,503		62	1,054	18,618	2,164	1,054	484	110	626	3,650
1	18,618		58	1,121	19,797	2,347	1,121	533	110	693	4,343
2	19,797		55	1,191	21,043	2,544	1,191	589	110	764	5,108
3	21,043		51	1,266	22,360	2,755	1,266	649	110	840	5,948
4	22,360		47	1,344	23,752	2,982	1,344	716	110	922	6,870
5	23,752		43	1,428	25,222	3,226	1,428	788	110	1,010	7,880
<hr/>											
Cumulative Totals:		3,964	4,737	16,521	25,222	36,207	16,521	10,314	\$18,578.80	229	

ASSUMPTIONS:  
 4.08% Inflation Rate FY 89  
 9.12% Rate of Return FY 89  
 4/7/89

5.00% Inflation Rate FY 90  
 8.00% Rate of Return FY 90  
 6.00% Inflation Rate FY 91-05  
 10.00% Rate of Return FY 91-05

\* SOURCE: Alaska Department of Revenue  
 Low Case Forecast - November 1988  
 With Consensus Revenue Estimates for FY 89-90

\*\* SOURCE: Population Projections From  
 Revenue Low Case Forecast - November 1988

HB

261

# HOUSE COMMITTEE REPORT

(11)

Date Referred: April 12, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/19/89

The FINANCE Committee considered:

HB 261

HOUSE BILL NO. 261 [SOVIET-AMERICAN ICE CLASSIC]  
"An Act authorizing an Alaska-Soviet Ice Classic."

RECOMMENDATIONS:

- [  ] be replaced with CS HB 261 (Finance) [  ] the same title  
[ ] have attached amendment(s) [ ] a new title  
[  ] do pass  
[ ] do not pass  
[ ] no recommendation  
[ ] individual recommendations  
[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_  
[ ] zero fiscal note \_\_\_\_\_  
[ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_  
[ ] zero fiscal note(s) \_\_\_\_\_  
[  ] zero fn/analysis Revenue 4/12/89

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not  
Pass No Rec Amend

[Signature] Hoffman  
[Signature] Larson  
[Signature] Sunckhammer  
[Signature] Brown  
[Signature] Koponen  
[Signature] Ulmer  
[Signature] Shultz  
[Signature] Phillips  
[Signature] Rieger

	Do Not Pass	No Rec	Amend

Co- [Signature]  
Chairman's Signature  
Co- [Signature]

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: HB 261  
PUBLISH DATE: 3/31/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Soviet - American Ice Classic

Agency Affected: Revenue  
BRU: Income & Excise Audit

Sponsor: Hudson, et al.  
Requestor: Judiciary & Finance

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
<b>CAPITAL</b>						
CAPITAL	0	0	0	0	0	0
<b>REVENUE</b>						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel  
Division: Income and Excise Audit

Phone: (907) 465-2320  
Date: April 11, 1989

Approved by Commissioner: Hugh Malone  
Agency: Department of Revenue

Date: April 11, 1989

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**RECEIVED**  
APR 12 1989

page 1 of 1

LEGISLATIVE FINANCE

Adopted

HB 261  
April 11, 1989

Analysis

The Soviet - American Ice Classic will have no effect on the Games of Chance and Skill program currently in place. Camai, Inc. would operate this ice classic, and the department would not be involved other than receiving and processing an annual application and annual report. This ice classic is not predicted to have any impact on the enforcement and audit function carried out by the department under the Games of Chance and Skill program.

Original sponsors: Hudson, Foster,  
Ulmer, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 261 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing an Alaska-Soviet Ice Classic."

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

8 \* Section 1. AS 05.15.210(18) is amended to read:

9 (18) "ice classic" means a game of chance where a prize of  
10 money is awarded for the closest guess of the time the ice moves in a  
11 body of water or watercourse in the state and is limited to the Nenana  
12 and Chena Ice Pools in the same manner as they were conducted in 1959  
13 and previous years, a Kuskokwim Ice Classic to be operated and admin-  
14 istered by Bethel Social Services, Inc., a Kenai River Ice Classic to  
15 be operated and administered by the Kenai and Soldotna Rotary Clubs  
16 jointly or by either the Kenai Rotary Club or the Soldotna Rotary  
17 Club, [AND] a Yukon River Ice Classic to be operated and administered  
18 by the City of Fort Yukon, and an Alaska-Soviet Ice Classic to be op-  
19 erated and administered jointly by CAMAI, Inc., and the City of Dio-  
20 mede;  
21  
22  
23  
24  
25

A M E N D M E N T

OFFERED IN THE HOUSE  
FINANCE COMMITTEE

BY HUDSON

TO: HB 261

Page 1, line 19:

After "administered", insert "jointly"

After "Inc.", insert ", and the City of Diomedes"



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

April 17, 1989

MEMORANDUM

TO: Representative Bill Hudson

ATTN: Chris Clark

FROM: Karla Hart *VAA*  
Legislative Analyst

RE: Ice Classics: Statutory Designation of Operators  
Research Request 89.344

You asked why the operators of ice classics are designated in statute [AS 05.15.210(18)]. You said that the Department of Revenue opposes naming operators, although existing statutes do so. In responding to your request, I reviewed the charitable gaming statutes and amendments since their inception in 1960 and examined available journal records and committee minutes. I also contacted the Departments of Law and Revenue.

In summary, it appears that two designated ice classics were originally authorized because of their uniquely Alaska cultural significance and long standing custom. Ice classics added during the mid-1980s likely designated events and sponsors because precedent limiting such events had been set with the original legislation. Goose and mercury classics were authorized as amendments to an ice classic bill--in writing the amendments the language from the ice classics, limiting events and sponsors, was used.

Neither the Department of Revenue nor Department of Law oppose the establishment of additional classics. Representatives of the departments said that opposition to past bills establishing classics is based on the Alaska Constitutional provision prohibiting the naming of specific beneficiaries.<sup>1</sup>

---

<sup>1</sup>Royce Weller and Peter Froehlich, of the Departments of Revenue and Law, respectively, noted that classics with named operators would be terminated if the Constitutionality of naming operators were successfully challenged. Mr. Froehlich suggested that an authorizing bill could specify an operator--without actually naming the operator--through carefully considered language. A letter of intent could provide additional clarification of your wishes. I recommend that you contact him if you have questions on how to ensure that the bill will not be opposed on Constitutional grounds.

Representative Hudson  
April 17, 1989  
Page 2

Reasons for statutorily designating events and sponsorship include avoiding an uncontrolled proliferation of events, preventing one organization from interfering with an event traditionally sponsored by another<sup>2</sup> and protecting organizations which do sponsor events. In addition to violating the Constitution, arguments against statutory designation include the inevitable outdateding of statutes when event sponsors go out of existence or change their names,<sup>3</sup> and creating fundraising opportunities which are exclusive to a limited number of organizations.

### Legislative History of Ice Classics

Prior to 1960, ice classics and other forms of charitable gaming were unregulated. Charitable gaming legislation adopted in 1960 was intended "to permit what has been taking place for approximately 60 years and nothing more but under the most strict controls; no activity can be licensed unless it existed in substantially the same form prior to January 1, 1959. . . . passage of this bill will actually discourage commercial gamblers and likely small nuisance raffles and the like."<sup>4</sup> Then Governor Bill Egan vetoed the legislation--the veto was overridden. Excerpts from Governor Egan's veto letter follow.<sup>5</sup>

I share with the Legislature the concern of the vast majority of Alaskans for our uniquely Alaskan events and believe it is proper for our first Legislature to address itself to those classics which are historically Alaskan in nature.

I make one exception, and one exception only, in the matter of gambling, and that is in regard to the Chena and Nenana Ice Pools, which have contributed to Alaskan interest in the peculiarly Alaskan spring breakup for many decades.

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<sup>2</sup>For example, prior to gambling controls, an American Legion Post had conducted an ice pool which was based on the winning time of the Nenana Ice Pool, as determined by the Nenana Ice Classic, Inc.

<sup>3</sup>For example, the Chena Ice Pool may be conducted only by the Fairbank's Firemen's Association. This event is referred to in past tense in a 1960 attorney general's opinion and has not been conducted in recent years.

<sup>4</sup>Alaska House of Representatives, Report of the Free Conference Committee on SB 143, February 24, 1960, House Journal, p. 276.

<sup>5</sup>March 7, 1960, House Journal, pp. 412-414.

Representative Hudson  
April 17, 1989  
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Since time immemorial, humans have celebrated the advent of spring. In Alaska this occasion has been celebrated by the "going out" of the ice on our great rivers--rivers which once represented our highways of commerce. The long winter night is broken, the waters are free and productive, and all Alaska is warmed by the thrill of new activity. In my mind these considerations are so great, our custom of such long standing, that the Legislature would be justified in enacting legislation which would permit the continuance of these two ice classics under such terms and safeguards as may be reasonably necessary."

Within a month of the passage of the charitable gaming laws, an attorney general's opinion was issued relating to the limitation of ice classics. "While there may have been other ice pools conducted prior to the date of this Act this language shows that the legislature intended to authorize only those two [the Nenana and Chena] pools and none other."<sup>6</sup>

In 1976, the charitable gaming laws were amended to except raffles, lotteries and rain classics from the requirement that activities must have existed in substantially the same manner prior to January 1, 1959. Specific events and operators were neither specified nor limited for rain classics.<sup>7</sup>

In 1985, the legislature authorized the Kuskokwim Ice Classic, to be operated and administered by Bethel Social Services, Inc.<sup>8</sup> During committee consideration of the bill, Representative Mike Davis asked why the operator was designated in statute. Sally Smith, Department of Revenue, did not know and the bill sponsor was not present to respond. The committee discussed allowing the municipality to designate an operator but did not act on the bill at that meeting. I found no further discussion regarding the designation of an operator and the bill passed with the designation.

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<sup>6</sup>1960 Opinions of the Attorney General, No. 8, p. 2.

<sup>7</sup>Chapter 66 SLA 1976.

<sup>8</sup>Chapter 27 SLA 1985.

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In 1986, SB 402, adding a Yukon River Ice Classic to be operated and administered by the City of Fort Yukon was introduced. The Senate finance committee substitute, with no designated operator, passed the Senate. The House rules committee amended the legislation by replacing the designated operator for the Yukon River Ice Classic and adding a Kenai River Ice Classic, the Fairbanks Mercury Classic, and a Fairbanks Goose Classic, all with designated sponsors. On the House floor, the bill was amended to add a Kenai Goose Classic.<sup>9</sup> A salmon classic was added the same session.<sup>10</sup> Because the bills named operators of classics, the Department of Law recommended that the governor veto or not sign them. Despite this recommendation, Governor Sheffield signed both bills.

\* \* \*

I hope this information is helpful. If you have questions, please call.

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<sup>9</sup>Chapter 93 SLA 1986.

<sup>10</sup>Chapter 94 SLA 1986.

# Foundation for Social Inventions

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## Фонд Социальных Изобретений Alaska-Siberia Project

1108 F Street  
Juneau, Alaska 99801

(907) 789-4402  
FAX 586-1912

The Foundation for Social Inventions is an organization created in 1986 in the new Soviet spirit of perestroika and glasnost. Under the guidance of its founder and director, Gennady Alferenko, the Foundation's objectives are to encourage and accelerate private business, education, and cultural exchanges. Though a non-governmental entity, its operation was approved by direct resolution from President Mikhail Gorbachev.

In the Soviet Union the Foundation's operating methods are simple. Ideas and proposals for improving society are submitted to the Foundation's headquarters in Moscow and are presented via national newspaper for public approval and funding. The author of the proposal then receives money donated by readers to support that particular project. Among the inventions that have seen fruition are: an Afghan veteran rehabilitation center, a home for handicapped children, a sobriety center, the "Semester at Sea" education program, the Samantha Smith Project, and numerous other art, culture, and youth initiatives. The most recent endeavor of the Foundation is the establishment of the Alaska-Siberia Project.

### THE ALASKA-SIBERIA PROJECT

During a recent visit to Alaska, it was determined by Mr. Alferenko that dynamic conditions existing between Alaska and the Soviet Union warranted the creation of an Alaska office of the Foundation for Social Inventions, and, the Alaska-Siberia Project. The Alaska-Siberia Project will sponsor international education, cultural, and social exchange between Alaska and our Soviet neighbors. Sister offices are currently being established in Provideniya, Magadan, and Novosibirsk.

The Foundation also serves as a clearinghouse for international business proposals linking foreign businesses with potential Soviet joint venture partners. The Alaska office relays the submitted proposals directly to Moscow for review. Support services provided by the office include attaining visas and Soviet permissions for the exchange.

It is the hope of the Foundation that the acceleration of exchanges between Alaskans and our neighbors in the Soviet Union will serve to strengthen the trust and goodwill between our two countries.

# Foundation for Social Inventions

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## Фонд Социальных Изобретений Alaska-Siberia Project

1108 F Street  
Juneau, Alaska 99801

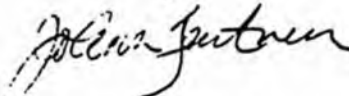
(907) 789-4402  
FAX 586-1912

April 10, 1989

To The Members of The 16th Alaska Legislature:

The Foundation for Social Inventions endorses Camai and the Ice Classic Lottery and lends its full support and cooperation for this joint venture. The Moscow office of the Foundation will supervise the parallel lottery and will be pleased to jointly reward, with Camai, the Alaska-Soviet winners.

Sincerely,



JoAnn Zentner  
Alaska Representative

# Foundation for Social Inventions

Gennady P. Alferenko, Founder and Director. Telephone 257-2228 (office); 286-5793 (home)  
Main office: *Komsomolskaya Pravda*, Ul. Pravda 24, 6th Floor, Moscow 125866, USSR  
USA office: 3220 Sacramento Street, San Francisco, CA 94115, USA. Telephone 415-931-2593

## What is a Social Invention?

What is a social invention? The best answer is an example. The telephone, which we use every day, is the fruit of inventive work in the field of electricity and electronics. The inventor of the telephone performed a service in becoming the author of a social invention. The engineer who invented the communications satellite could hardly have suspected that he was creating the basic principle of a social invention—international communication with the help of space bridges. But where could the author of the idea of international communications get a patent for his invention? Only in our Foundation.

The social inventor is as essential a creator of progress as the modern physicist, biologist or programmer.

We see yet another reason for the need for an association of social innovators—it is one tributary of the river called democratization, one of those tributaries which facilitates the establishment of an atmosphere of creativity, dynamism of social thought and, in consequence, accelerates the development of the entire society. "It is important today for us to study everything and to teach young people social creativity, because no progress is possible without it." Delegates to the twentieth Komsomol Congress were reminded of these words of M. S. Gorbachev. They are the key to understanding the importance of innovation in the social sphere.

We hope that our Foundation will unite everyone who, by his or her actions, contributes to the success of perestroika, to improving and perfecting our lives.

## Money for Ideas

By Gennady Alferenko

[Gennady Alferenko is a geophysicist. He is a graduate of Novosibirsk State University. He has worked in his field, as well as in public work. He organized the country's first legally established voluntary youth organization. Alferenko originated the Foundation for Youth Initiatives and, in 1986, the Foundation for Social Inventions. In 1986 Gennady Alferenko was invited to become a special correspondent of *Komsomolskaya Pravda*.]

Let's celebrate! Our lesser brothers in zoos have a chance to better our lives. Vasily Peskov has set up a Foundation for Assistance to Zoos in record time, without the usual red tape and without having to reach tiresome agreements. Note the way the Foundation was established, which would earlier have been unthinkable, even in our wildest fantasies: the initiative of the author—support

The Foundation's operating methods are simple. The best and most interesting projects, proposals and statements sent by readers to the Foundation will be presented for your financial support. The author of a project which receives readers' approval will receive a monetary prize, consisting of the money designated by readers to go to the Foundation's account for implementing that particular project.

Every ten days we will tell our readers how much money the Foundation has received and which projects the contribu-

from the newspaper's editorial Board—agreement by the Board Chairman of the USSR State Bank.

There's an old argument. Some claim that in the beginning was the word, others say the deed. I am convinced that in the beginning there was a leader, who pronounced the word and accomplished the deed.

For decades we have heard the phrase: "The initiative of working collectives was picked up by ..." By whom? We all know—by other collectives. And who was the author of this valuable undertaking? A colorless anonymity is the enemy of life-giving energy. Reward someone, don't be stingy, and he will roll up mountains and break the horns off the devil.

Thousands of people, believing in perestroika, will contribute their proposals and ideas for renewing society. In this era of glasnost we should work out a system for guaranteeing the implementation of popular initiatives. The authors of ideas walk a difficult road, especially at a crossroad, the danger zone. But what if one goes straight ahead, as in the example

tions were sent for. The money will be turned over to authors of projects and proposals in accordance with readers' wishes, after preliminary verification. We will thereby have, all of us, the opportunity to support good ideas and assure their authors the wherewithal to carry them out. And any one of our readers may become the author of an idea. The mechanism is, as you see, completely democratic.

And so, something new and, in our opinion, interesting. Shall we give it a try?

given above? A businesslike conversation at the State Bank between two busy people—a journalist and a director—served the common cause of millions. But is something like that permitted?—asks the cautious reader, accustomed to await a rescuing decision from on high. And it really is surprising! Everything is allowed which is forbidden by law. It—the law, that is—has, as you see, long protected the direct way of action. However, these barrier-free roads are empty, and there are a suspiciously large number of tired marathoners along noisy and polluted routes. During the long years of stagnation we got used to having every initiative punished. How did the first ones through survive in that situation? By drawing fire on themselves and covering those who were weaker in spirit. They broke through walls and knocked foreheads under a noisy verbal accompaniment—Long live initiative! To introduce new ideas—this is literally to intrude into hostile territory. Have there been many such intrusions? The fact that more than 15,000 ideas and projects have been sent to the All-Union Competition of Social Initiatives announced by the newspaper proves that readers will not hold matters up. However, we are put on our guard by the continuing large number of letters from people who have struggled vainly for years in lonely battles against bureaucratic attitudes.

"Help me, 'Komsomolka'," writes Ilya Nikolayevich Savin, a member of the Komsomol in the 1930s. "Be my collaborator in a great national cause. The country needs healthy people. Who, if not we? When, if not now? For decades I have been making the rounds of executive offices of archetypical bureaucracy, from local to regional, to provincial and even higher levels. Alas ... I proposed to establish an experimental-prophylactic flora on the basis of my stock in plants, which amounts to many thousands, and my annual stock of millions of seeds resulting from thirty years of selecting and analyzing fruit and berry plants. This garden-nursery would have an annual yield of millions of plants and would become the base from which to establish an extensive network of regional and school botanical gardens for health, longevity and beauty."

In his application for a "patent for social invention", Ilya Nikolayevich Savin again bitterly emphasizes the reason for the "non-introduction" of his social project for gardens of health, longevity and beauty—a "stick-in-the-mud-attitude, bureaucratism, idle chatter and Communist arrogance." And what about Gennady Loginov, a 24-year-old invalid of the first group? He has dreamed since childhood of helping all invalids, especially those gravely handicapped, "to realize their place in social and political life, to help in forming friendly contacts and developing creative interests." Gennady proposed that an All-Union correspondence club be organized for young invalids; many of his friends are prepared to finance the publication of a magazine for club members, with their names and interests. Others, carrying Loginov's idea further, propose to set up a nationwide voluntary service to care for invalids and the aged. They suggested a name—"Living Help"—and sent in their first contributions. But what prevented 92-year-old Ivan Petrovich Pogonyayev from setting up a "cost-accounting service center for official cars in order to reduce unproductive expenditures for maintenance at every enterprise"?

Departmental bureaucratism, notes Ivan Petrovich ruefully in his statement submitted to the contest of social inventions. I put in a call to Kursk. There is still no service center for official cars in Kursk. Sad to say, Ivan Petrovich Pogonyayev is no longer with us...

Academician P. D. Grushin, twice awarded the title Hero of Socialist Labor, contributed 140,000 rubles toward building a center for young technicians. Local officials felt a sense of their own responsibility in the face of this noble beginning. A plan for the center is already being worked out and a contractor has been found. Dmitri Alekseyevich Ragulin, a director with the USSR State Bank, called me and said: "The newspaper's assistance is needed for a good cause. I see here the start of a whole movement throughout the country." A volunteer support group for building this center for young technicians was formed on the spur of the moment. Komsomol official Aleksandr Shcherbakov has joined it, as well as Ragulin and the city executive

committee chairman. A chain reaction of good will—one good deed generates another.

The questionnaire for participants in our contest for social inventors asks: "What help do you need?" Most have agreed with Ivan Petrovich Pogonyayev—they need general public support and approval.

Not all of us are long-lived Caucasians, and there are few immortals—our lives are all too short, and we fervently want to see our ideas carried out in our lifetime, in all their colors and sounds. In cities and villages transformed into fine and beautiful places which inspire us by their goodness and light. That is why the editorial board of *Komsomolskaya Pravda* decided to organize a voluntary association of the newspaper's readers—the Foundation for Social Inventions. When I read the Statutes of the Foundation, I frequently ask myself: Were we not too clever by half?

Will the very title of the Foundation be understood? Or the meaning of its work? We discussed the idea of the Foundation for a long time, and we conferred about the Statutes. Probably not everything in them is perfect, but after all experience itself will show what's wrong and correct it. We must give it a try. And so it was decided.

"I approve of the creation of the Foundation for Social Inventions," writes construction worker Vladimir Ignatov from Katayskiy rayon, Kurganskaya oblast. "I am contributing 500 rubles to the Foundation's current account, #700344, in the Sverdlovsk branch of the State Bank toward the reprinting of the book 'We and Our Children', by L. and B. Nikiin. This book has not been republished here in the last seven years, while it has appeared in the FRG and Japan every year for the past few years. I feel that widespread adoption of the Nikiin's experience would improve children's health." Ignatov, having voluntarily given 500 rubles, decided as a contributor to the Foundation to urge our publishers to print this book. If he succeeds, Vladimir will certainly read the following in the book's introduction: "This book has been reprinted on the initiative of Vladimir Ignatov and the readers of *Komsomolskaya Pravda*."

In the past, naturally talented people were sometimes noticed by powerful and wealthy men and a wonderful thing happened as a result—their forces were multiplied many times. His patron protected an author, gave him enough money to live on in a dignified way while carrying out his ideas, and inspired faith in goodness and justice. The Foundation for Social Inventions will be a guarantor of support—both material and moral—for your creative initiatives. If the more than seventeen million readers of *Komsomolskaya Pravda* support your project and decide to help finance it, you will have a real opportunity to view its fulfillment. Or the reverse, if your idea is far removed from people's vitally important needs. The sum collected may turn out to be very modest, but there's no need to despair: experience has shown that even a small amount is useful. Especially in a project's initial stages. This "seed" money, a permanent popular loan, will help strengthen your faith in yourself. This initial capital will also help you to defend yourself against local bureaucrats. We generally hear the following: in this month, quarter, six-month period, year, five-year plan period (underline the appropriate phrase) financing is not envisaged. All funds are already committed. Apply again at the appropriate time. The circle of administrative tidiness closes. The author of an idea, growing weary of his own enthusiasm, once again falls into the crevices of the administrative apparatus. The energy of creation flows instead into the energy of the struggle for existence. Thus it was yesterday, and thus it sometimes is today. What will it be like tomorrow?

Viktor Fedorovich Shatalov, an innovative teacher, told me how much he needs a pedagogical-methodological center to carry out his ideas. He has long needed some assistants—not many, ten to fifteen people, but until recently he was told that there was not money for such a center.

How useful "popular" credit would be for social innovators in such a soul-destroying situation as having to wait for a decision from above!

We have learned to our sorrow to preserve, protect and, sometimes, to introduce technical inventions by halves.

According to the country's existing legislation, the authors of technical innovations are recognized, but organizational innovations remain anonymous and ownerless. It's unclear who first thought up a new type of service, a new type of hospital, school, drugstore, etc. The time has come to care about and preserve social and organizational ideas as part of the country's intellectual wealth.

The time has also come to create a Foundation of Social Inventions with the legal rights of an individual. Thanks to this Foundation, we hope that the reader who has an idea will have the chance to present it in the newspaper, to submit it to public opinion and to obtain seed money to carry it out to the degree it deserves.

As a rule, authors of bold social projects will have to roll up their sleeves to bring their project to life. Or they will have to entrust this demanding job to an initiative group. I am pleased to report that there will be no staff officials or burgeoning administrative staff. I see the Foundation of Social Inventions as an open network of cooperation created from all offshoots of what is new. While relying on positive tendencies, we wish to reinforce them.

In recent times the sales market for new products and technology has been dominated by enterprising small "imperialist sharks", thanks to their refined system of support for devotees and enthusiasts and the encouragement given to volunteer research teams working intensively to develop new products or technology. Noisy, inconvenient enthusiasts are the main stimulants to scientific and technical progress. The new technological revolution was not carried out by large companies and powerful firms, but by an isolated innovator building the first personal computer in his garage. Don't be surprised if you feel the next breath of the scientific-technical revolution from across the ocean after we have tormented our own enthusiasts by another series of inspection and control raids. What is needed is not a great deal—complete and final trust in a social innovator, a good word for his innovation, and some money to carry out the project. The rest he will do himself.

Our historical experience teaches that, thanks to innovation, enthusiasm

and selfless labor for the glory of our country, we have made advances in a great variety of fields, and many times over. We must learn to cherish these spiritual values in our land. Their sources, their motherland, are here.

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## In a Good Cause

Journalist Valeriy Khiltunin presents the "Children's Home" Project:

When answering letters from people asking about what meaning life has, who write that they have lost hope for the future, saying, "I am on the verge of committing suicide" (alas, our mail does contain even such confessions), I always send off the following: "Dear Friend: If, despite all your problems, you still have 55 kopecks in your pocket, go at once to Zagorsk, by train from the Yaroslavl Station. When you get there, don't go to the monastery—they wouldn't be likely to help you, and if they did console you it wouldn't be likely to help you, and if they did console you it wouldn't be for long. Go instead to an unprepossessing building on Red Army Avenue, No. 94. Walk in boldly—your password will be 'Komsomolskaya Pravda.' Write us what happens."

They do write. They thank us. Their tormenting thoughts fly away. One's own life appears in a completely different light in the face of real and not imaginary human suffering and the struggle to find happiness.

Deaf-mute children from every part of the country live in No. 94.

I won't attempt to depict the modest setting in which this social experiment—which is of worldwide importance—is being carried out. It is an experiment designed to show that man is himself the creator of his fate, that he can surmount even the most terrible conditions if circumstances are changed. The small building is a pre-revolutionary structure, and the roof needs constant patching, furnishings are poor. True, the situation will be corrected in a few years—a new complex, on a modern design, is being built on the outskirts of Zagorsk. But that will probably take quite some time.

Meanwhile the principal burden of all repair and construction work falls on the shoulders of...the readers of *Komsomolskaya Pravda*. Those very people who once received our advice about the 55 kopecks or people who came to see this miracle with their very own eyes, and were captivated. No one delegated them they are simply schoolchildren, polytechnical pupils, students, and young workers. Since October of 1979, when the first article appeared in our newspaper, around seven thousand people have come. Some show up almost every Sunday, summer and winter. This is a surprising fact of our life.

Many people know that four graduates of the Zagorsk Children's Home have graduated from Moscow University. Unfortunately, since that time (several years ago) it has not been possible to repeat this experiment: neither the scientific or technical base permits it, and there is not yet a special laboratory to combine the work of philosophers and psychologists, pedagogues and ethics teachers—there is talk of making space for such a laboratory in the new complex, and it is possible that an international group will staff it, such as exists at Dubna. And the fact is that the secrets of the atomic nucleus are as nothing compared to the secrets of the human psyche, whose form is most apparent precisely here in Zagorsk if observed, naturally, with a wise and attentive gaze!

The moral state of a society has always been measured by its relation toward those most injured by fate, by its relation to those who are weakest and least powerful, whether they are children, the elderly or invalids. Without our help such people cannot survive.

You can take part in this help, both personally (if you have at least 55 kopecks for the train) and by designating an amount of money to be credited to our Foundation for the Children's Home project.

**Writer Yuriy Yakovlev Presents the "Samantha" Project:**

Samantha Smith. When we say this name, the girl comes alive in our imagination. Her large eyes, filled with the sky. Her long lashes. Her half-open mouth,

the two upper front teeth a little bigger than the others. The little girl is smiling, and we respond with a smile. Two years have already gone by since her death, but her smile remains frank and a little sad.

After Samantha something changed in the world, there was a warming trend, the appearance of hope. The small spring discovered by Samantha has become a river of hope.

A new concept appeared in our world—people's diplomacy. And children's diplomacy is gaining in strength along with it. It is powerful in that children are more direct than adults, and they find a common language more easily. And that is what is most important today in preserving peace: finding a common language.

Samantha was the first child diplomat.

She was an ordinary little girl. She was an extraordinary little girl. The world trusted her and trusted in her. And therefore death did not stop Samantha's heart. It beats in the breasts of millions of her contemporaries. For them Samantha is still alive—they have not acknowledged her death: They write her letters, name groups and clubs after her and include, as it were, an American girl in their company.

They carry on Samantha's cause—the struggle for the continued existence of this planet. They preserve Samantha's truth: War will never originate in the land of the Soviets.

The "Samantha" Project should join together our youthful fighters for peace, child internationalists. Samantha's compelling image has already inspired them to work for many marvelous causes—after all, one must work, make efforts, accomplish deeds in making one's modest contribution to the "Samantha" Project.

Perhaps the most valuable element in the "Samantha" Project is not the money contributed, but children's activities, those children's initiatives which are inspired by Samantha's image.

And so, *Komsomolskaya Pravda* readers, the Soviet Committee for the Defense of Peace, and the magazine *Yunost* present the Samantha Project to you.

The Project's tasks are to acquaint foreign children with life in our country,

with our country's love of peace. Our children will become guides for our guests—that is the basic idea, but to do this they must have a profound knowledge of our people, of our history, and by studying these our Soviet children will gain an intensified patriotic, international education.

Each contribution to the Project's bank account must be accompanied by a description of how the money was earned. Stories written by young friends of Samantha need not include money.

A press center will be set up in the editorial offices of *Komsomolskaya Pravda* to work with the post office. Children, cadets, and members of KID will work at the press center. The most interesting initiatives will be noted and thanked by the Foundation and will be described on the pages of *Komsomolskaya Pravda* and *Pionerskaya Pravda*.

Perhaps the Samantha Project will become a center for children's diplomacy. Perhaps in time it will become a Children's Committee for the Defense of Peace?

It would be hard to overestimate the Samantha Project's moral and educational importance to Soviet and foreign children. Possibly after a time a Samantha Medal will be created to be awarded young peace activists, both here and abroad. And it would be a good idea to commemorate the day on which the young messenger for peace died as Samantha's Day.

And so, dear readers, we present you with our first two projects, entitled "Children's Home" and "Samantha." If you wish to contribute money to one of these projects (it may be any amount), you should go to the nearest post office and make out a postal money order.

If you have any questions concerning the Foundation's activities, you may call 257-22-28 after July 24.

## A Patent for a Social Invention?

In recent years, it has become a common occurrence that a city builds a village. Where the industry and farming is concerned, a village cannot do without the help of a city. But a peasant house is a whole different thing: an estate, a street, a surrounding village. It is precisely here that the construction and socio-cultural reserves of a village can and should be utilized, which would make constant dependence on the city building industry unnecessary.

The principle of the program is: "A village building a village." It is to be realized as a self-supporting venture. The program proposes a collective (within the framework of industry) complex approach to solving social and construction problems, including in the process the reestablishment of specialist-architects. An important characteristic of the program is its emphasis on concrete conditions, possibilities, and reserves of each industry. In the given publication, it is only realistic to name the main chapters of the program: the communal zone; a unique school-club system; industrial method and reserves; residence buildup; the possibility to apply the program when establishing in new territories.

The program was worked out on personal initiative in the beginning of the 80's. But in 1985, it was proposed to the *Komsomolskaya Pravda* competition. In the preceding years, the attempts to interest industry leaders met with no success, since while our basic views coincided, it became clear right then and there that such social innovations were above their competence. At present, the situation in the country is sharply changing, and I would really like to hope that those to whom the program has been proposed will respond. Attracting specialists to this work is also becoming realistic. The recently created All-union "Archproject," under the auspices of the Union of Architects of the USSR, could create under its roof a special "office for introduction." In conclusion, I would like to emphasize that the program itself is not an end in itself. The goal is to create a new

## Our Founding Members

### Yevgeny Velikhov

(Academician, vice-president of the Academy of Sciences of the USSR. Organizer and chairman of the initiative committee of the International Foundation for the Survival and Development of Humanity.)

I consider the Foundation for Social Inventions, created by *Komsomolskaya Pravda*, to be an enterprise with a great future. I participated in evaluating new ideas and projects which had been submitted to the newspaper for the competition of social inventions. The idea of guarding and protecting not only technical but also organizational and social decisions has long been maturing. Now that the newspaper is planning not only to publish social projects of the authors, but also to help them with the organization and financing, the most interesting ideas will emerge into life through the new foundation. Now we have funds created in different directions (in the US, for example, there are more than 30,000 of them), and people will finally have a choice of the fund to which they would prefer to send their donations. There could be no monopoly here, no hierarchy—the new situation of competition of the very different organizations will refresh the atmosphere in our society.

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image of the Soviet village—new in spirit and architecturally artistic. It should become for its residents a kind, dear, and beautiful home, built with their own hands. I am hoping for the support of the Komsomol and the Youth.

—L. Tugarin, architect  
Leningrad

### Tatiana Zaslavskaya

(Academician, president of the Soviet sociology association, and author of a series of scientific ideas on new farming systems.)

I am worried about the hesitant attitude of many people toward perestroika. People are waiting; at best, they become rooters for the perestroika team, but more often, they just become the judges on the sidelines.

Such behavior is understandable: for a long time, we were obedient, passive, and sleepy. But if we do not wake up now, the perestroika team will not win.

How was it before? We turned off the living energy of the masses. Ideas were born at the bottom, but died when they reached the carbonic acid atmosphere. Now, it is important to notice not only the separate shoots of innovation, but entire lawns pushing through the asphalt. The spark has been lit, now we need to use our efforts so that the firewood starts burning instead of lying as a wet heap on the green grass.

What is so dear for me in the movement of social inventors? It is one of the main strengths of perestroika, the essence of which is the transfer of our society onto a different trajectory of socio-economic and cultural development. Society must realize this transfer by its own efforts, by the actions of millions of people.

### Sviatoslav Fedorov

(Member-correspondent of AMN of the USSR, general director of the interbranch scientific-technical complex of eye microsurgery. He proposed and realized in practice a new model of organizing medical assistance.)

The Foundation for Social Inventions is a brilliant idea, and what is most important is that it was born at the right time. How can you help social inventors? You need to take your own idea and fight for it: saving drowning victims is an act of the drowning victims themselves.

Initial support will be enough. The

most important thing is to not put the brakes on those who have the courage and who rightly believe that taking a risk is a noble deed. If there is love and obsession—we should not kill or destroy them!

## Vladislav Serikov

(Hero of Socialist Labor, Awarded the Government Prize of the USSR. For the first time in industry construction, he applied the method of brigades.)

I am not a theorist, I go by feel. I feel and I see—the needed and living ideas are at the bottom. People have to be shaken up, they need to be, so that they would want to live on a broader scale. Social activity of the working man is incredible, once he starts moving. A group of academics cannot imagine anything like what a team of free, independent workers with initiative in their labor could think up. I was recently asked, "What is most important today?" The most important is to search for ideas, corresponding to the times. And here the newspaper, creating the Foundation for Social Inventions, got successfully on the right track.

## We are Waiting for Your Call! (257-2228)

"Hello, Moscow, please answer the call from New Kakhovka. Is this the Fund for Social Inventions? Igor Galushko is speaking to you. I work at a factory as a mechanic-electrician. I would like to put money into your account each month from my paycheck, through the bank. Is that possible?"

"Yes, Igor. Thank you for your kind attention."

"Good day. I am Boris Kirillovich Kolomiets, assistant professor, from Moscow. I read about the Fund. From the point of view of a systematic analysis, everything is normal. I am ready to work with you.

The circle of my interests includes problems of democratization, self-government, and choice."

"Thank you. If you have nothing against this, we will invite you for evaluations and observations of readers' projects."

"This is Gennady Mikhailovich Blinov speaking. I am a doctor-psychiatrist, a member of the Union of Artists. I am proposing to create a museum for friends. I will do it together with my son, Petr, and anyone else who is willing."

"And what will you exhibit in the museum?"

"The traditional Russian toys. I have been collecting them for 21 years now, from all over Russia. I decided to give you this collection of more than 500 unique pieces. Will you be able to find a space for it? I would like to invite you to my house to look at the toys. And you could look at my books, while you are at it. I have written more than twenty, in various different languages."

"Is this really a fund? Tell me, honestly, where is the guarantee that your fund is not just another "feeding trough?" Haven't there been enough well-meaning beginnings? And all of them turned into the same bureaucratic mess."

"We thank you for the warning. We will try to prove by action that it is not correct."

"Please do not get upset at me. I like the idea of the Fund very much, but I do not want to participate in abstract things. But I probably will support Shatalov's project."

"Excuse me, but you did not present yourself."

"Fliura Zараeva. I am from Tashkent."

"This is from the city of Ivanovo. Secretary of the city committee, Evgenii Markov speaking. Recently we created in our city the Fund for Youth Initiatives, with legal rights. Now we really need ideas. We are prepared to realize the projects, which are within our capacity, from the bank of ideas of the Foundation for Social Inventions. It is possible to talk with you about an agreement on joint ventures."

"Very good. Our Foundation is for pa-

perless technology. Consider the whole affair done."

"Hello. I am Badek Atamov from Baku, the head of a factory department. What kind of invention is considered social? I, for example, I invented a car."

"That is a technological invention."

"Yes, but it has a social effect."

"Unfortunately, our Fund does not look at technological ideas."

"Hello, this is Anvar Iunusovich Khusainov, from Bukhara, the head of the political department of the regional executive committee, and I was in the recent past a Komsomol worker. I was flying in a plane and read about the Fund for Social Inventions."

"We did not scare you with this publication?"

"It refreshed me. I have been thinking about children's colonies for a long time. We need a new approach. We need to think how, after having tripped, we can avoid falling on our face. I have some ideas."

"Thank you. We are waiting for your project."

"This is Aleksandr Vasilievich Panfilov speaking to you. I am a labor veteran, a winner of the USSR Council of Ministers' award. I would like to work with the Fund."

"We agree to that."

"Hello, we heard about student collective farms. I will introduce myself—Leonid Dotsoev. I have spent 15 years organizing them, and 400 university departments have my recommendations on the subject. I would like to present my model of organizing mass-cleaning campaigns with the participation of students as an application for a social invention."

"We are ready to look over your application."

"Thank you. Here is some useful information. I forwarded some money for the project "Children's Home" through the bank. It took them a long time to find the blank. I helped them find it. It turned out to be the typical one, Form PD-4."

Above is the fragment of a brief recording of the first telephone connection b-

tween the Foundation for Social Inventions and the readers. While on line, we understood something: there will be many co-workers. There were many calls from Komsomol committees, where they reminded us that they were ready to realize new projects. They proposed to organize an open competition of realizing the more interesting projects and ideas proposed to the Fund. We would go for that.

--Gennady Alferenko, Director

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## Excerpts from the Regulations

### I. General principles

1. The Foundation for Social Inventions (the Foundation), is a voluntary union of *Komsomolskaya Pravda* readers, which is based upon self-regulation. It performs collective creative work and communication with the goal of organizing joint ventures in developing social innovations and in the realization of new, socially significant ideas and projects in the sphere of the society.

2. The basic goals of the Foundation are:  
--promoting initiatives, especially from the youth, of establishing and developing creative and business contacts between authors of social projects, ideas, and inventions;  
--organizing business consultations in the area of social inventions;

--holding socio-economic experiments with interested organizations in creating a mechanism for realizing publicly significant initiatives.

3. The Foundation, in order to accomplish its tasks and reach its goals:

--provides creative, organizational, and financial assistance to social innovators in realization of new ideas and projects;  
--creates a computer data base of ideas and proposals based upon readers' letters to *Komsomolskaya Pravda* and *Sobesednik*, provides consultational assistance to the authors;  
--organizes self-supporting art studios, auctions, festivals of ideas, industry fairs

of social projects, and other creative and business activities of the Fund, under the regulations;

--creates an open network of joint ventures and mutual support between youth initiatives;

--holds open competitions between authors of social inventions and advertizes them in newspapers *Komsomolskaya Pravda* and *Sobesednik*, organizes an expertise of judges for competition projects, and financially awards the competition winners in the established order of prizes;

--helps to create working groups on intensive development of creative thinking, organizes work of temporary groups which realize ideas and projects.

4. The Foundation is a legal entity and has an independent bank account, its own emblem, and a circular seal and stamp with its title.

II. The members of the Foundation; their rights and obligations:

5. The members of the Foundation are authors of social projects, ideas, and innovations, who have experience as innovators in realizing creative conceptions in a chosen sphere of activity. They are selected as a result of a competition by the readers of the newspaper.

6. The members of the Foundation have the right to:

--freely receive information about the work of the Foundation and participate in governing its activities;

--participate in the creative studios, festivals of ideas, competitions, and fairs of social projects organized by the Foundation;

--receive, in correspondence with the Foundation's established order, financial assistance for creative activity.

7. The members of the Foundation are obligated to:

--continue to improve their creative and business qualifications in their chosen sphere of activity.

III. The governing organs

8. The governing organs are: The Great Readers' Council, Board of Directors, and the Entrusted Inspector.

9. The exclusive duty of the Great Readers' Council is amending the Regulations of the Fund. All other questions con-

nected with fulfilling regulation tasks and goals is reviewed by the Board of Directors, selected by the Great Readers' Council for a term of one year.

11. The Board of Directors awards monetary prizes, a diploma, and a medal of the Foundation to authors of social initiatives for realizing the most significant ideas and projects.

13. The Foundation applies new sources of informational and paperless technology, providing organizational mobility and business-like character to its activity.

IV. The Foundation's resources

16. The Foundation's resources are created from:

--donations from *Komsomolskaya Pravda* readers and from organizations, wishing to co-sponsor the realization of ideas and projects of the Foundation;

--donations by the members of the Foundation, given for a specific purpose;

--contributions from various organizations according to joint-venture agreements;

--revenue from paid exhibitions, auctions, fairs, competitions, and other creative and business activities of the Fund, under its regulations of tasks and goals.

17. The Board of Directors brings out for the Great Readers' Council meetings perspective ideas and projects, and informs the readers of the newspaper *Komsomolskaya Pravda* about the submitted donations and their expenditures.

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[These articles appeared originally in *Komsomolskaya Pravda* on July 22, 1987. For more information please write to either of the addresses on page 1. The USA office is operated by Washington Research Institute, a 501(c)(3) tax-exempt corporation. Contributions for the Foundation for Social Inventions may be sent to either address. Contributions sent to the USA office are tax-exempt if made payable to "Washington Research Institute / Foundation for Social Inventions". All contributors and correspondents will receive a free subscription to WRI's *3220 Gallery Newsletter* and to future FSI publications.]

# Foundation for Social Inventions

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## Enthusiasts and Inspectors

[*Komsomolskaya Pravda*, November 19, 1985. Translated by Yuri Sviridov, July 15, 1988]

Many young men and women in the Soviet Union today feel frustrated. They complain that they often find themselves trapped in boring, dead-end jobs, that they have no worthwhile careers to pursue, they can find no meaningful leisure activities, and that they just vegetate. Well, it's becoming a serious national problem as frustration among the young often erupts in anti-social behavior, such as hooliganism, and alcohol and drug abuse. To assert themselves in the eyes of the adults and in the eyes of their own age-mates and peers, it's important for today's teenagers to develop at least some of a wide range of basic attractive qualities and character traits, such as independence of judgment and action, intelligence, courage and boldness, drive, determination, strength of character, charm and charisma, persistence, singleness of purpose, originality and freshness of approach and style, etc., etc.

It's great when young people acquire and display these admirable qualities when they work toward goals that contribute to the common good, and are useful to the society they live in. Unfortunately, those young men and women who are lucky enough to find things to do that are both socially useful and significant and win the approval of their peers, the younger generation, are few and far between. There are many reasons why this is so. One of them is the fact that the existing system of organizing, developing, and managing initiatives generated by informal youth groups and associations in the Soviet Union lacks due flexi-

bility. Even long-approved measures and activities planned for the young often are kept alive only by the dedication and drive of the enthusiasts who are, inevitably, too few to go around. In this situation, no well-designed and integrated system for encouraging meaningful and socially useful leisure activities for the young exists anywhere in the Soviet Union. As a result, there is a certain amount of chaos in this important area of national life.

In some areas they tend to place the emphasis on urging young people to go in for sports almost to the exclusion of all else. In others they do the opposite and call on teenagers to let their hair down in discoteques, and still others, the young are urged to enroll in all sorts of interest groups, technical ingenuity clubs, etc. And everywhere, of course, they fall short of their target as the real interests of young people cover a much wider range than the feeble imagination of local youth affairs bureaucrats in charge of planning leisure activities for the young can encompass. I am convinced that the vast majority of members of all sorts of informal youth groups and associations would actually prefer to pursue their activities in an organized fashion, if only there were competent people to organize them. Regretably, lack of attention on the part of the adults to nontraditional, unorthodox initiatives generated by the young puts a quick damper on youthful ardor and enthusiasm, while the compelling need to assert themselves, to put themselves on the map as it were, induces

young men and women to look for things to do and forms of entertainment, the moral virtues of which are rather doubtful, to put it mildly.

We all have to bear in mind that very often young men and women instinctively give a guarded, distrustful response to even the most interesting and innovative suggestions and projects proposed by adults precisely because these are perceived by them as being imposed on them by the adults. And it is certainly true that any false note, even the slightest element of insincerity that attends adult-imposed appeals to the young to be involved in activities useful to the community, often makes them counterproductive and turns young people off, pushing them in the opposite direction. Paradoxically, on the one hand, we call upon young people to be more active, to show more initiative, to be civic-minded, and at the same time, we tend to discourage them, often unwittingly, but our own indifference to their real needs, we inhibit their enthusiasm by our conservative attitudes. Worse still, we've been trying to squeeze the spontaneity and enthusiasm and energy of the young into the strait-jacket of severely regimented frameworks and restrictions which adults in positions of authority in charge of youth affairs and local government officials have invented for their own convenience really. And for their own peace of mind. And the price we've had to pay in terms of the badly mismanaged passage of the young into adulthood has been enormous. So many valuable spontane-

ous initiatives and good beginnings generated by the young have been extinguished by the sanctimonious petty tutelage lavished on them by well-meaning but essentially inept and hypocritical avuncular youth affairs bureaucrats, whose only ambition in life seems to be to have an outwardly successful career and to make sure that everything looks right on paper. This problem goes far beyond that of organizing leisure activities for young people. The disturbing fact is that most of the sports games, musical styles, clothing styles and pastimes so popular with our teenagers have all come to us from the West. Like it or not, but along with these products of Western culture, our young people inevitably get a large dose of ideological contamination, they begin to admire things Western and many of them start even to worship the Western way of life, which is essentially alien to us. All right, granted, there may have been many objective, industrial reasons for the failure to manufacture Soviet-made quality blue jeans and sneakers. But what about the things like the hang-glider, hot air balloons, skateboards, and T-shirts and sweatshirts with those attractive designs printed on them? They too have originated in the West and come to us from the West. Don't we have enough of our own people with imagination who can design and produce all these things for our young people? If only our own amateur, "informal," "unorganized" inventors, of whom there are quite a few could have the benefit of real support including financial support as opposed to just verbal support which is often worthless, the problem of beating the shortage of goods specially designed for young people and of shaping their expectations and tastes and interests would be much closer to solution than it is now. As recent exhibitions of young people's technical ingenuity and engineering creativity have shown, there is no shortage of excellent ideas for original technical and sporting equipment, for fashionable clothing, hiking equipment, etc., etc., for use by our young people. A great many excellent and perfectly workable ideas are discussed almost daily in the press and in the media. However, where we fail is the fact that we cannot and often will not learn how to support initiative, we do

not know how to translate into reality good, ground-breaking concepts and initiatives that often so popular with our young people. There is simply no one doing this as part of his or her official, routine duties. This totally unacceptable situation must be changed now.

A recent resolution adopted by the Central Committee of the Soviet Communist Party dealing with measures to improve the performance of the Komsomol [the Soviet Young Communist League] in fact calls upon all Komsomol organizations and other institutions involved in youth education and upbringing to improve matters radically in this area and without delay.

Needless to say, displaying initiative by the young takes an infinite variety of forms. Someone may decide to build a hot-air balloon, or an ultra-light aircraft. Someone else may want to restore a badly neglected historic building, or an architectural relic, or to recreate a long-forgotten folk ritual, or open a disk and video cassette rental outlet, or earn enough money to buy musical instruments for the local orchestra, or buy a kayak, or to organize a local rock music festival or hold a beauty contest or open an amateur mime theater. The list is long. There is no predicting what the imagination of a high school student or a young engineer or a young scientist may come up with. The important thing is to create a situation administratively and otherwise where any useful idea and initiative coming from young people is supported and encouraged and through a well-designed and well-managed mechanism is in fact implemented and translated into reality. As it is, there are too many obstacles, some intentional, others unintentional, in the path of innovators and enthusiasts. The story of Gennady Alferenko and his association of ballet lovers is both typical and instructive in this regard.

A geologist by training, Alferenko's true calling in life seems to be as a patron of the arts, a patron in the best, Soviet, sense of the term. A self-made man, Alferenko, before his recent move to Moscow, was founder and first president of Terpsichore, the informal association of young ballet lovers that Alferenko set up in his home town of Novosibirsk. His was a most unusual tussle with local and

Moscow bureaucrats for the survival of his brainchild. Alferenko pushed for a much greater measure of independence for himself and his associates than most onlookers and outside observers both in Novosibirsk and in Moscow thought was possible in the climate of the pre-Gorbachev and pre-perestroika "period of stagnation," as the Brezhnev era is now widely described.

Terpsichore is a non-governmental entity in which no one, not even its president [Alferenko] draws any salaries. And yet, Terpsichore has a legal status, the right of juridical person, in current Soviet legalese, and, most important of all, a bank account of its own. The vast majority of people ordinarily do nothing beyond dreaming of having a bank account but Alferenko went ahead and obtained one, a real bank account. He did so not by guile or a trick to skate around the law, but in full conformity with the law. How did he do it? Well, he simply took the trouble to read carefully the fine print of effective Soviet legislation governing the formation and operation of non-governmental public associations and he also read carefully the text of the Soviet constitution, something that few people bothered to do at the time. In it, he found what he was looking for and what most less-motivated people missed — a legal loophole which was there all the time, incidentally. Few people paid any attention to it, but Alferenko did and exploited it up to the hilt. He discovered in particular that the law did not specifically forbid the formation of public associations with bank accounts of their own. As Gorbachev has repeatedly emphasized, what the law does not specifically forbid, you are free to do.

Alferenko is a hard worker, and he really loves to work. Building his amateur ballet association was for him a labor of love, despite all he's gone through, his running battles with hostile bureaucrats and government inspectors with their humiliating suspicions. They harrassed him trying to catch him out on a legal technicality in an attempt to bring the curtain down on Terpsichore, the amateur ballet lovers association. But Alferenko had not read the texts of relevant Soviet laws and the Soviet constitution for nothing, his opponents met their match in

him. But they were determined to torpedo Terpsichore by hook or by crook. When the legal attack fizzled out, Alferenko's opponents were clearly discomfited, but they changed their tactics and resorted to sabotage disguised as a quiet investigation, an illegal procedure, pure and simple. The next round of the battle began when this woman inspector arrived from Moscow, L. Vinogradskaya, a chief inspector of the Ministry of Culture. She concocted a biased and distorted account of what Alferenko and his associates had been doing. Alferenko knew nothing about it and could not counterattack. Vinogradskaya account circulated around the various departmental offices. Eventually the infamous "ministerial paper" was born, which demanded immediate closure of Terpsichore. It is clear now why other government departments took such an interest in Terpsichore and began to investigate. At one time the situation looked hopeless. But not to Alferenko, whose resilience and courage stood him in good stead. He was simply convinced that the letter of the law and the Soviet constitution would prevail in the end over the dishonesty and manipulative practices of ministerial bureaucrats and inspectors. But he had to wait five long years to enjoy the sweet

taste of victory. Yes, it took five years for Terpsichore to survive and win through in the end. Fortunately, Alferenko and his associates had friends in Novosibirsk who were in powerful enough positions to help them. Most of these people are now retired but at the time they all held important jobs at the city's party and Komsomol committees. Among them was I. Sevastyanov, former chairman of the Novosibirsk city executive committee, who defended Terpsichore and ordered a beautiful baroque mansion placed at the disposal of Alferenko and his friends. When in 1980 the mansion was threatened with closure, the first secretary of the city's party committee, S. V. Alyoshin himself arrived on the scene to intervene. One other man who defended Terpsichore displaying considerable courage was Virdimo Hasmov, the first secretary of the city's Komsomol committee. But all that these people did for Alferenko and his associates did them credit. Unfortunately, people like them are still in short supply. By no means everywhere are party and Komsomol officials willing to spring to the defense of enterprising and energetic people like Alferenko. As a result, many interesting ideas and bold projects are eventually defeated by the manipulative tactics of

unimaginative and power-greedy local bureaucrats and officials. Surely a situation where enforcement of good civic laws passed by the country's top legislature, and compliance with the law, is left to the discretion of the uncooperative and often envious bunglers from among the over-zealous local bureaucrats and administrators whose overriding concern was to suit their own convenience and interests, is completely intolerable, abnormal and must be ended without delay.

Incidentally in the early '20s, when Lenin was still alive, Soviet legislation provided for criminal liability for illegal interference by officials and administrators in the affairs of cooperative societies and voluntary public associations. It is high time that this good legislation be brought back. But the most urgent and important task in this contest is to guarantee the constitutional right of all Soviet citizens, and that includes innovators like Alferenko, to challenge the legality of decisions made by local officials and administrators in a court of law. Had this been done in 1980, Alferenko and his friends would have been able to defend the honor of their Terpsichore and their own. On their own without resorting to the help of their friends in high places. Signed, V. Radov.

# Foundation for Social Inventions

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## Current Projects of the Foundation for Social Inventions

Gennady Alferenko and Yuri Lepsky

(*Komsomolskaya Pravda*, May 29, 1988.)

### Semester at Sea

For the first time, 20 Soviet students have a unique opportunity to go on a round-the-world voyage. If you are aged between 18 and 21 and you can speak English well, you have a good chance to circumnavigate the globe on board the *Universe*.

Your voyage will begin in the city of Vancouver, Canada, and will end at Fort Lauderdale, USA. From September 14 to December 23 you will call at Kobe (Japan), Keelung (Taiwan), Hong Kong, Penang (Malaysia), Madras (India), Alexandria (Egypt), Odessa (USSR), Istanbul (Turkey), Split (Yugoslavia), and Cadiz (Spain).

You will sail across ten seas and oceans and you will return to your hometown after saying good-bye to 500 of your new friends from the United States, Japan, and China. Together with the best students from these countries you will have an opportunity to benefit from a unique training course offered during the round-the-world "Semester At Sea".

How does one get a berth on the *Universe*? All you have to do is take part in our competition. For that you should provide the following information that

will qualify you to become a candidate member of the crew of the *Universe*.

1. Surname, first name, patronymic, date and year of birth.
2. Your university or college, department, year.
3. The extent of your command of English.
4. What problems relating to the global development of the human race do you consider to be the most important? Your suggestions as to the best methods of dealing with these problems. (Please give a detailed reply to this question and type it up).
5. Your address and phone number.

### Tom and Huck Meet Again

The Tom and Huck Project is presented by Mr. Danaan Parry, Director of the Institute for Conflict Resolution, Hoysarth Foundation (USA), the Foundation for Social Inventions of *Komsomolskaya Pravda*, and the Kon-tiki Sporting Tourist Club (Novosibirsk).

There is profound symbolism in the fact that the first meeting of the revived characters of the famous novel by Mark

Twain will take place on the river Ob in Siberia. Needless to say, it would be ideal to have a raft for the proposed joint rafting expedition built jointly by its' Soviet and American participants. All the more so since the Kon-tiki club members follow one cast iron rule and that is that each new generation of the club members have to build a new raft by themselves. Unfortunately, the length of the proposed rafting expedition is too short. Therefore we have agreed as follows: the Soviet participants will build a raft of their own with their own hands for their expedition down the Ob River.

For their part, their American counterparts will have to build a similar raft using our blueprints for their rafting trip down the Mississippi River in 1989. The total length of the proposed rafting expedition is around 200 kilometers. On August 15, which is a Saturday, the Soviet participants will complete their rafting trip at the village of Kozhevnikovo in Tomsk Region, Siberia. They will immediately proceed to take part in a days voluntary work to contribute the money they will earn to the Soviet Peace Foundation. What form will it take? At this stage it is hard to say. Perhaps the boys and girls will help the local farmers with a spot of hay making. There is al-

ways a lot of work to be done on the farm in the summertime as we all know. So, the local farmers will be glad to have an extra few hands to help them with the hay making.

O. Markin, President  
Kon-tiki Sporting Tourist Club  
Novosibirsk

## The Sobriety Center

The Sobriety Center Program is presented by Jay Kanty, Co-chairman of the Soviet-American Conference to Fight Alcohol and Drug Abuse (USA), the All-Russia Voluntary Sobriety Society, the Foundation for Social Inventions of Komsomolskaya Pravda.

"We Have a Sober Idea"—so think the organizers of the first Soviet-American Sobriety Society in the Old Arbat.

Life is wonderful when we are healthy enough to enjoy it... Our health, as we all know, is our principal form of wealth. Therefore, we tend to sin against the truth a little bit when we announce that we are setting up the first non-profit joint venture. Of course we hope to earn a profit: in the form of a growing capital of human health, and that includes our own health.

Our center will be known as the Sobriety Center. But it is still a tentative name. We do not rule out the possibility that eventually we will hit upon another name, a better name, more in tune with the idea of popularizing a healthy way of life. We will do so as soon as we regain our consciousness from the most arduous, even grueling, start-up efforts.

And so, we plan to establish our Sobriety Club in the Old Arbat pedestrian mall. We would like to apologize in advance for the fact that initially we will not be able to accept all those wishing to join. For the simple reason that the space available to us at the moment is very modest to accommodate all of you. But who prevents you from setting up similar sobriety centers in your home communities and towns?

We hope that you will be able to spend a few pleasant and useful hours at our Sobriety Center whenever you have the leisure to do so. You will find at our

center a cozy little alcohol-free bar, a videotex, and computerized games and computers. You will be able to attend, electronically, the concerts of some of the world's best known celebrities such as Elizabeth Taylor, Carol Burnett, etc. You will also be able to participate in meetings and discussions conducted by Soviet and American scientists and scholars, medical experts, psychologists, and sociologists. Finally, you will be able to participate actively in one of the evenings arranged at the center: you will not be only a guest, someone who has dropped by almost by chance, you will be a full-fledged member of our club and as such you will be one of the hosts. We hope to be able in the near future when we get on our feet and become financially solid, and prove our viability, to develop at our center sporting facilities such as a tennis court, swimming pool, and a gym.

Our center will have to spend heavily on converting the space made available to us by the Moscow City Council, to equip it (most of the equipment will be provided by the American side) and to pay the center's personnel. Therefore those who would like to join our club will have to pay an admission fee (subsequently they will have to pay annual dues).

It will be difficult if not impossible to confuse members of our club with those who are not, not only because they will look youthful, elegant, and respectable (as indeed people who have chosen to pursue a healthy way of life should). But also because the center's emblem will adorn their t-shirts, summer caps, and calling cards (all these trappings of club membership will be partial compensation for the membership dues).

We hope that the center will rally together like-minded people, all those who are sufficiently resourceful and inventive, enterprising and modern-minded and sophisticated, to be able to organize his or her leisure activities without recourse to alcohol and tobacco. The term "modern and sophisticated" is used by us advisedly: with all bilateral, Soviet-American responsibility, we declare that drinking and smoking in today's civilized society is definitely "out" while to be healthy is certainly "in".

So, if you want to stay healthy and

you appreciate interesting company, welcome to our center. Next year a similar sobriety center will open in Washington D.C.. We hope that the geographical distribution of sobriety centers will keep expanding and that other countries will follow the example of the United States and the Soviet Union in this regard.

We would like to express our appreciation and gratitude to all those who have helped us: The Special Commission of the Central Committee of the Komsomol to Combat Lawbreaking, Alcohol and Drug Abuse, The Moscow City Council, The All-Russia Voluntary Sobriety Society, the Kiev District Executive Committee of the city of Moscow, the Elin Cooperative, and other organizations who have supported our idea.

To all those who would like to contribute financially to our project, we guarantee complimentary guest tickets that will enable them to visit the first Soviet-American sobriety center.

O. Dmitriava and A. Drozdov

## The Debt Program

A big thank you to all of our readers who have sent in their money for the Foundation for Social Inventions to finance the construction of the proposed Center for the Physical and Social Rehabilitation of soldiers who were injured and crippled in Afghanistan, to all those who have supported verbally and financially the idea of Alexander Starikov, a fitter from the city of Riga. Readers' letters and money orders continue to roll in. Today we print a brief sampling of the recent mail.

### A Letter

I have read in *Komsomolskaya Pravda* an article about the construction of the proposed center for the rehabilitation for soldier-internationalists who have been injured or crippled, and also for veterans of the Great Patriotic War. I support this good project wholeheartedly. I have been in Afghanistan for three years now. Not all of my fellow soldiers have been able to return home, and those

who have suffer from ill health. My good friend, Andrei Makarenko, guards warrant officer, has had the misfortune of being blown up on a mine twice: the first time when he was in combat and the second time when he was evacuated. He had his third "rebirth" on the day that the helicopter that was carrying a group of wounded soldiers fell out of the sky without reaching base. Andre had a narrow escape, he survived a series of extremely difficult operations. At the moment he attends a medical college in the city of Rostov, where he is undergoing training as a medical doctor. Andrei is determined to help people overcome suffering and pain, something that he knows only too well. People like Andrei deserve our loving care and attention. Guys like him deserve to have the proposed rehabilitation center built for them. We are all in his debt.

Take for instance the problem of artificial limbs. Even the best of the Soviet-made artificial limbs are standard compared to comparable types in other countries. Andrei Makarenko, who used artificial limbs made for him in Tashkent, had to modify them, because, as he put it, the limbs he was given in Tashkent were not exactly suitable for normal life, to put it mildly. But how about other guys who do not have Andre's ability to work with his hands and who do not even have hands to work with? I think that among the problems that the planned rehabilitation center will be dealing with should be the problem of providing suitable artificial limbs to crippled soldiers.

One other thing. I propose that the planned rehabilitation center should cater not only to soldiers who have fought in Afghanistan, but also to veterans of the last war, and also members of the families of soldiers who were killed in Afghanistan, who may need medical treatment.

We, my fellow paratroopers and I, who are still in Afghanistan doing our military duty away from home, decided at a recent Komsomol meeting to contribute part of our wages towards the construction of the proposed rehabilitation center. Personally I have decided to contribute 100 rubles of my money towards this much-needed, good and just project.

V. Belous, Secretary  
of the Komsomol Branch of a Battalion

#### Official Reply

Dear editors!

The Komsomol Committee of the City of Yurmala, the Central Committee of the Komsomol of Latvia are fully supportive of Starikov's idea published in Komsomolskaya Pravda on January 24, 1988 about the construction on the shore of the Gulf of Riga of a rehabilitation center for soldiers doing their internationalist duty in Afghanistan.

We request that the Foundation for Social Inventions should without delay find a suitable contractor with full powers to decide on the suitable site and timetable for the completion of the project.

The Central Committee of Latvia's Komsomol, the Komsomol Committee of the City of Yurmala, hereby undertake to place the convalescing soldiers returning from Afghanistan under their patronage and to give them their care and attention together with the members of the councils of young reservists from the city and district Komsomol organizations of the Republic of Latvia.

I. Prieditis,  
First Secretary, Central Committee  
of the Komsomol of Latvia

The Ministry of Public Health of the USSR has examined materials relating to the proposed rehabilitation center published in Komsomolskaya Pravda on January 24, 1988 and believes that the construction of rehabilitation centers for soldiers returning from the Republic of Afghanistan has been long overdue.

Therefore, the Ministry of Public Health of the USSR hereby goes on record as committing itself to the organization and provision of medical services at the proposed rehabilitation centers and to act as their co-sponsor.

The Ministry has prepared and sent relevant proposals in this regard to the State Committee for Labor of the USSR, to the Central Committee of the Soviet Trade Unions, and to the Central Committee of the Komsomol.

A. M. Moskvichev,  
Deputy Minister

Support for the Debt program has also come from the First Deputy Chairman of the Council of Ministers of the USSR, N. V. Talyzin. Relevant instructions have been issued to the State Committee for Labor of the USSR, to Gosplan of the USSR, to the Ministry of Finance of the USSR and the Ministry of Public Health of the USSR.

We believe the time has come for specific concrete proposals as to what the center for the physical and social rehabilitation of injured and crippled soldiers returning from Afghanistan should be like. We expect to receive interesting architectural concepts and designs, we also expect interesting ideas for activities to be maintained at the proposed center to be worked out by sociologists, psychologists, and health workers. It would be a good idea if these proposals and concepts were worked out on a competitive basis.

## Round The World Voyage

In 1978, soon after I turned 20, I came aboard the Universe to set out on a 100-day round-the-world voyage starting in Los Angeles.

For three and a half months, I lived, studied, and traveled together with 500 other students from different universities from all over the United States. We circumnavigated the globe on our floating university. I began this voyage as an ordinary American with a rather limited, narrow-minded outlook on other peoples, countries, and global problems, but I returned as a citizen of the world, with a global outlook on the development of civilization. I embraced with my consciousness the whole of our small home planet Earth.

During that memorable voyage, as part of the "Semester At Sea" Program, our ship sailed across seven seas and oceans and called at ports in 10 different countries. Comparing my new experience and the years I had spent in conventional education institutions on dry land, I discovered that the voyage was a

much better teacher. What was it that struck me most of all? During that voyage I met my neighbors in the global community, I smiled and laughed with my new friends. But most important of all, I discovered myself, I discovered a new potential and new abilities to learn new things. And I asked myself: but why are only American students sailing aboard the Universe? Why not invite students from other countries? And I began to develop a new program as a forum for the study of common global problems. I saw the Universe sailing across the globe as a floating university of peace where students from different countries would be free to select lecture courses of their choice under the "Semester At Sea" Program in areas such as anthropology, oceanography, international economics, literature, history, the theater, you name it.

The idea of a round-the-world voyage is simple and at the same time ambitious: to invite the best students from different cultures from around the globe to participate in an educational program aboard a ship that sails round the globe.

And so coming together aboard the UNIVERSE in the fall will be 500 students from the USSR, China, Japan, and the United States. The ship is safe and well-equipped, complete with classrooms, libraries, and computer labs. In short the students will find the ship not only a stimulating and interesting environment in which to study, but also fun to live on and interact with one another as good friends.

Kirk Bergstrom  
Los Angeles, California (USA)

## Financial Report

To date the Foundation for Social Inventions has received a total of 534,755 rubles, 22 kopeks from Komsomolskaya Pravda readers towards the financial support of the projects published in our newspaper at your initiative. In particular:

The Debt project:  
323,705 rubles, 11 kopeks  
The Children's Home in Zagorski:  
79,585 rubles, 04 kopeks  
Fans Account:  
39,992 rubles, 89 kopeks  
The Goods for Young People Firm:  
1,905 rubles  
Monument to the Heroes of Chernobyl:  
54,663 rubles, 84 kopeks  
The Samantha Project:  
6,822 rubles, 98 kopeks  
Bogatiri Project:  
20,938 rubles  
Soviet-American Alcohol-Free Center:  
359 rubles, 29 kopeks  
Other projects not yet presented in our newspaper have received:  
6,783 rubles, 07 kopeks

A reminder: voluntary financial contributions and donations from individual Soviet citizens and organizations are to be sent to this address:

103051 Moscow, the Sverdlovsk Department of the Moscow City Administration of Zhilsotz Bank, USSR, The Foundation for Social Inventions, Account No. 700344. Please indicate the name of the project of your choice. Thank you.

[Donors in the United States may send donations for FSI projects to Washington Research Institute / FSI, Attention Priscilla H. Cotler, 3220 Sacramento Street, San Francisco, CA 94115. Telephone (415) 931-2593 or (415) 383-7977.]

## Some Letters from Donors

We pupils of the 4th grade contribute 10 rubles of our money to the DEBT program. We have earned this money ourselves. We grow onions.

Pupils of School No. 14,  
Komsomolsk-on-Amur

I want to contribute my share to the flow of human kindness. I wish you good health, guys.

Sergei Petrishev, Sergeant First Class.  
Moscow Region

Our family has decided to contribute what we can to this noble project.

F. M. Ponomareva  
Nabereshni Chelni

We would like to participate in the noble project of supporting soldiers coming home from Afghanistan. We wish them speedy recovery and safe return home.

L. E. Tolstikh and grandson,  
Aloysha Tsimbal, Moscow

I'm contributing my monthly retirement pension. This is my small contribution to this great project for all of us.

N. Savina, an invalid  
Pskov

My father was gravely wounded during the war around Leningrad and he had a hard time. I would like to see good people to do everything they can for our soldiers returning from Afghanistan.

Sherbakova, Voroshilovgrad

The personnel of Kindergarten No. 5 have held a solidarity fair together with the parents of kids. We are contributing 210 rubles towards this noble and sacred project. Please lose no time in building the proposed rehabilitation center.

Vorkuta

We are sending our contribution on behalf of the workers and employees of our enterprise towards the construction of the rehabilitation center for soldiers fighting in Afghanistan. In keeping with the tradition of soldier brotherhood we are contributing what we can to this much needed project. We see it as our duty to contribute to the DEBT program.

Soldiers of a Guard Element