

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

SB 353 cont. - SB 359 663

254

OFFICE OF THE PRESIDENT

MEMBER

TENTH ALASKA LEGISLATURE
ELEVENTH ALASKA LEGISLATURE
TWELFTH ALASKA LEGISLATURE
THIRTEENTH ALASKA LEGISLATURE
FOURTEENTH ALASKA LEGISLATURE
FIFTEENTH ALASKA LEGISLATURE
SIXTEENTH ALASKA LEGISLATURE



SENATOR TIM KELLY

PO. BOX V
JUNEAU, ALASKA 99811
(907) 485-3822

F.D. BOX 210001
ANCHORAGE, ALASKA 99521
(907) 561-7612

January 23, 1990

MEMORANDUM

To: Senator Eliason, Chair
Labor and Commerce Committee

From: Senator Kelly *TDK*

Re: SB 353, insurer investments in development banks.

Thank you for scheduling this bill for the committee's early consideration.

I introduced SB 353 in response to interest expressed in the Anchorage community. As you can read from the attached support information, it appears to have not only a laudible purpose but provides a valuable investment opportunity to Alaska institutions.

Current law restricts insurers to only those investment opportunities of the Inter-American Development Bank. This bill would expand the authorization to invest in obligations of the African Development Bank and the Asian Development Bank.

Henry Lancaster is a good resource person to contact for more information on the merits of SB 353. He can be reached at 278-4729.

S

B

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File

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/4/90

The FINANCE Committee considered:

SB 353

SENATE BILL NO. 353

INVESTMENT BY INSURERS IN CERTAIN BANKS

"An Act relating to insurer investments in development banks."

RECOMMENDATIONS:

- [] be replaced with _____ [] 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) 1/25/90/C&ED
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

DO NOT PASS
No Rec
Amend

Donald J. Larson LARSON
Robert Kogonen KOGONEN
Steve Rieger RIEGER

Signature	DO NOT PASS	No Rec	Amend
<u>Frank Hoffman</u> Hoffman	X		
<u>Charles Swackhammer</u> Swackhammer	X		
<u>Paul Brown</u> BROWN	X		
<u>Robert Phillips</u> Phillips	✓		

Donald J. Larson LARSON
 Chairman's Signature Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Insurer investments in
development banks
Sponsor: Kelly
Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Economic Dev.
BRI: Insurance
Components: Administration

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		0				
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
----------------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
----------------	---	---	---	---	---	---

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						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This legislation would have no fiscal impact on the department in FY 90.

Prepared by: James J. Jordan, Acting Director Phone: 465-2515
Division: Insurance Date: 1/18/90

Approved by Commissioner: Larry Mercutioff Date: 1/1/90
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

BY SEN. KELLY

1 IN THE SENATE

2

SENATE BILL NO. 353

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 insurer investments in develop-
7 ment banks."

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

9 * Section 1. AS 21.21.130 is amended to read:

10 Sec. 21.21.130. [INTER-AMERICAN] DEVELOPMENT BANKS [BANK]. An
11 insurer may invest in obligations issued, assumed, or guaranteed by
12 the Inter-American Development Bank, the African Development Bank, or
13 the Asian Development Bank, if the bank is solvent and not in default
14 in the payment of principal or interest on any of its direct general
15 obligations on the date of the investment.

16

STATE OF ALASKA

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

83-14996

BILL SHEFFIELD, GOVERNOR

FOUCH D
JUNEAU, ALASKA 99811
PHONE: 455-2521

September 16, 1983

Mr. Donald T. Regan
Secretary of the Treasury
Department of Treasury
15th Street & Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Regan:

Re: African Development Bank

Your letter has been passed on to me for an answer. Please excuse the delay in answering regarding the subject dated August 12, 1983. Some amount of research was, however, in order. We do not, at the present time, have a firm policy regarding the subject. We have the matter under investigation and advisement. We will probably not finalize until we hear from the bank's legal counsel.

If I may be of further assistance, please feel free to call on me at any time.

Sincerely,



Willis F. Kirkpatrick
Director

WFK/cw#25311
91563A



THE SECRETARY OF THE TREASURY
WASHINGTON

August 12, 1983

Dear Governor Sheffield:

I am writing you in support of the African Development Bank's efforts to obtain the qualification of its obligations in the State of Alaska for investment by certain institutions.

The African Development Bank was established as a multi-lateral development bank in 1963 to foster economic and social development of its African members individually and through regional cooperation. In addition to fifty African countries, the Bank's membership now includes the United States and 16 other non-regional countries (primarily the countries of Western Europe and Japan). The African Development Bank is patterned after the International Bank for Reconstruction and Development (the World Bank) and the Inter-American Development Bank. Like them and the Asian Development Bank, the African Development Bank has been making extensive use of capital markets throughout the world to obtain resources for its development lending activities.

I would appreciate your state taking the necessary steps to have the African Development Bank receive at least as favorable treatment under the laws of Alaska as is currently accorded to one or more of the other multilateral development banks with respect to the qualification of its securities for purchase by certain institutions in your state (see the enclosed excerpts from Alaska's statutes). New York and Illinois have already acted to accord such treatment to the African Development Bank. I anticipate that the Bank, through its legal counsel, will be in touch with you to present detailed proposals.

Sincerely,

Donald T. Regan

The Honorable
Bill Sheffield
Governor of Alaska
Juneau, Alaska 99811

Enclosures

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2521

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

March 5, 1984

Mr. Arnold H. Weiss
Arent, Fox, Kintner, Plotkin
and Kahn
1050 Connecticut Ave., N.W.
Washington, D.C. 20036-5339

Dear Mr. Weiss:

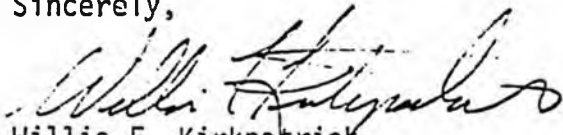
Re: African Development Bank

Please excuse the somewhat tardy answering of your letter of January 17, 1984. I have reviewed your letter and the enclosures with interest. The suitability of the bank's securities as an investment appears to be sound. I would, therefore, pose no objection to the State's financial institutions being able to purchase them.

Our present statutes, however, do not allow for investment in the African Development Bank. It will, therefore, be necessary to introduce the appropriate legislation to enable them to specifically invest in securities offered. It will be necessary for you to introduce the legislation in our Legislature. We shall be glad to testify in favor of such legislation.

I hope I have answered all your questions. If I may be of further assistance, please feel free to call on me at any time.

Sincerely,


Willis F. Kirkpatrick
Director

WFK/mst1/5
030584a

SB353

HENRY LANCASTER, INC.

550 West Seventh Avenue • Suite 1325 • P.O. Box 10-3461 • Anchorage, Alaska 99510 • (907) 278-4729 • FAX (907) 276-4289

May 1, 1990

Rep. Dave Donley
Chairman
House Labor & Commerce Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Chairman Donley:

It was brought to my attention that a question was raised during Labor & Commerce Committee deliberations on May 1, 1990 concerning any association between the African Development Bank and the country of South Africa. The regional members of the bank include 50 of the 52 countries on the continent of Africa. South Africa is not a regional member country.

There are twenty-five (25) non-regional members of the bank and twenty-seven (27) members of the African Development Fund. South Africa is not a member of either of those entities. I have enclosed a section from an AfDB publication that identifies countries where it has invested in projects.

Please do not hesitate to contact me if you have any other questions.

Sincerely,



Henry M. Lancaster II
President

HML:bgm

THE HEART OF THE NEW AFRICA



THE AFRICAN DEVELOPMENT BANK
a special sponsored section

AFRICAN DEVELOPMENT BANK



The Sonichar mining project, Niger, co-financed by the AfDB.

Governors in Harare, Zimbabwe, in May 1986, which will govern or strongly influence our activities during the next five year period, 1987-1991.

Q. How much of an increase do you expect to see?

A. We expect to see an increase of 150 percent to 200 percent above the current capital of UA 5.25 billion. That will put us up to about UA 13 billion. I don't think that this is too much, when compared with the four-fold capital increase of the third general capital increase.

Q. Who are your non-borrowing members?

A. All of the non-regional members, in addition to Algeria, Libya and Nigeria. It now appears that Nigeria and Algeria may start borrowing from the Bank.

WHERE THE MONEY IS INVESTED

The AfDB last year devoted 36 percent of its new loan money to agriculture, much of it for food production. In a continent where the race between population growth and food production continues to be a close one, with grave consequences for its inhabitants, this percentage is unlikely to decline. "Agriculture," states S.S. Omari, deputy director of planning and research, "will continue to be the priority sector."

The Bank's overall priorities are laid out in a series of five-year plans. The present plan (1982-1986) has called for total investment of U.S. \$7.3 billion for the five-year period, with 33 percent of this amount for agricultural lending. In fact, the proportion of resources devoted to agriculture has been growing in the course of the five-year period. A Bank publication entitled "Agriculture and Rural Development in Africa", states: "The AfDB Group will continue to treat agriculture and rural development as priority areas in the foreseeable future.... Apart from increasing lending to agriculture and rural development, the Bank Group intends to expand technical assistance in the planning, design and implementation of projects."

Other sectorial allocations of new loans last year reflected the Bank's priorities. Transport projects received 28 percent of the new loans; public utilities 21 percent; industry 8 percent; and social services (mostly health and education) 7 percent.

In November the Bank allocated a loan of UA 31.15 million (\$34.2 million) for agricultural development in Egypt and an additional UA 18.62 million (\$20.4 million) for the fifth stage of a large-scale drainage pro-

gram intended in part to combat the debilitating disease bilharziasis, which is transmitted by waterborne parasites.

In both cases, the Bank's "hard loans" were supplemented by "soft loans" granted through the African Development Fund (see below). Leonard M. Shango, chief of the Bank's North Africa division, said that the agricultural loan to Egypt will help to finance the purchase of new farm machinery, the establishment of shops for the repair and maintenance of farm machines, the installation of modern seed-cleaning plants and the establishment of two seed laboratories and a farm testing center.

When they are fully operative, these facilities will aid the production of cereals, vegetables and cotton. There follows an overview of some projects, both agricultural and non-agricultural, which the Bank is helping to finance. The list is by no means comprehensive; it serves only as a brief indication of the kinds of activities, throughout the African continent, that the Bank is helping to make possible.

For Settat Province in Morocco, the bank granted a loan of UA 41.63 million (\$45.7 million) for integrated rural development. Morocco also received approval for a loan of UA 45 million (\$49.41 million) for agricultural rehabilitation.

Among other agricultural-related projects approved for AfDB loans last year were a rubber-growing scheme in Gabon (UA 40.17 million, \$44.1 million); the Mahdia rural development project in Tunisia (UA 19.80 million, \$21.7 million); and in Zimbabwe, a line of agricultural credit worth UA 20 million (\$22 million). The Bank's 1984 annual report describes other agricultural projects for which loans were granted in that year. Among them are the following:

* In Guinea, a fisheries and pisciculture development project to increase the supply of fish for local consumption. The loan was for UA 10.20 million (\$11.2 million), to help along a scheme that will cost UA 35.17 million (\$38.6 million) over 20

years.

* In the Côte d'Ivoire, UA 6 million (\$6.6 million) in new loans was approved for a 20-year program to increase the production of livestock through improvement of breeding stock and management methods.

* In Mozambique, an agricultural rehabilitation project qualified for a new loan of UA 9.6 million (\$10.5 million) for a program designed to cost a total of UA 23.62 million (\$25.9 million), to expand the production of cashews for export and mangoes and other food crops for domestic consumption.

* In the Seychelles, the Bank committed a new loan of UA 8 million (\$8.8 million) to develop fisheries to supply domestic markets and export demand.

NON-AGRICULTURAL PROJECTS

In most of these projects, the AfDB provided co-financing mainly to meet foreign exchange requirements in programs that are strongly supported by their sponsoring governments and in many cases aided by loans from the African Development Fund and other multilateral agencies.

In transportation, the Bank was also active in financing new and ongoing projects. Last year's loan approvals included:

* In the Seychelles, UA 5.70 million (\$6.3 million) for the Victoria Commercial Port.

* In the Côte d'Ivoire, UA 56.2 million (\$61.7 million) for various road projects, including an improved all-weather road to the Ghana border that will become part of the trans-Africa highway.

* In Zimbabwe, UA 30 million (\$32.9 million) for rural roads.

* In Morocco, UA 49 million (\$53.8 million) for road maintenance.

* In Zambia, UA 20 million (\$21.86 million) for railway rehabilitation.

Beyond the two highest priority areas of agriculture and transport, loans approved during the last two years reflect a variety of approaches to Africa's development needs.

Items:

* Egypt, both a large shareholder and a substantial borrower from the AfDB, was approved for a UA 43.50 million (\$47.8 million) financing of its Shoubra-El-Kheima power project.

* Zambia was approved for a loan of UA 33.80 (\$37.1 million) for further improvements in its telecommunications system.

Other important projects approved in 1984 included the Serowe-Orapa road project in Botswana; airport studies or physical improvements in Equatorial Guinea and Lesotho; railway improvements in Congo and Zaire; urban electrification in Tunisia, telecommunications in Ethiopia and Mozambique; and a project to improve scientific and technical education in Tunisia.

Other loans were directed to national development banks. As Leonard Shango, chief of the North Africa division, explains, these loans provide funds for projects too small for the AfDB to monitor and supervise effectively. "The national development bank signs the loan agreement and assumes responsibility for collecting the funds and repaying the AfDB," says Shango. "Local people are better able to provide supervision and utilization for such loans."

M. Bouzid, director for West Africa and Central Africa, emphasized the professional care and study that the AfDB staff devotes to loan applications. "We are guided by the sectorial priorities set out in the five-year plan, and with our resources, we are generally able to accommodate almost everyone with reasonable proposals," says Bouzid. "We look at the soundness of the project, the rate of return it is likely to produce and we look for co-financing by other multilateral bodies. We are happy to share the risk with other agencies."

Mr. Willis F. Kirkpatrick
January 17, 1984 .
Page Two

As was the case for the International Bank for Reconstruction and Development (the World Bank), the Inter-American Development Bank, and the Asian Development Bank, legislation will be required to authorize institutional investors in Alaska and other states to invest in securities issued by the African Development Bank. Such legislation has already been passed in New York and Illinois.

The Bank makes loans at near-market rates to member countries. These loans in the main support agricultural development and basic infrastructure projects in the recipient African countries.

In 1981 Congress enacted and President Reagan signed into law a bill (Public Law 97-35) authorizing United States participation in the Bank. Approximately \$360 million has been appropriated for the initial U.S. stock subscription. Twenty-five percent (\$89.93 million) of the U.S. subscription would be paid in and seventy-five percent (\$269.8 million) would be callable.

The African Development Bank plays perhaps the leading role in fostering economic cooperation in Sub-Saharan Africa, an area of increasing economic significance for the United States. This cooperative effort among Black African countries serves as the only pan-African institution still in existence. U.S. participation in the Bank will be of critical importance in our attempts to enhance and consolidate our relationships with the nations of this region.

As with other multilateral development banks, the African Development Bank raises its lending resources primarily on the international capital markets. The issuance and marketing of securities in the United States is governed by both federal and state law. As noted above the federal government has already acted to permit federally-chartered financial institutions to invest in the securities of the Bank. We must now seek appropriate legislation at the state level.

PROPOSED LEGISLATIVE CHANGES

With respect to Alaska, I outline below for your review those laws which govern the investment authority of state investors. The needed legislative changes are not

Mr. Willis F. Kirkpatrick
January 17, 1984 .
Page Three

complicated and in general require only the addition of the name "African Development Bank" to existing statutes. All references and citations are to Alaska Statutes (A.S.).

I. Commercial Banks

State commercial banks will need specific authority to invest in African Development Bank securities. Alaska Statutes § 06.05.270.(a)(9) will have to be amended to add the African Development Bank to the list of approved international development bank obligations which now includes those of the International Bank for Reconstruction and Development and Inter-American Development Bank.

II. Insurance Companies

Domestic insurers will require specific authorization to invest in African Development Bank securities. The following amendment will be necessary to A.S. § 21.21:

Sec. 21.21. . African Development Bank. An insurer may invest in obligations issued, assumed or guaranteed by the African Development Bank.

(Investment in the obligations of the International Bank for Reconstruction and Development and the Inter-American Development Bank are authorized at A.S. §§ 21.21.120 and 21.21.130, respectively.)

A.S. § 21.21.25 authorizes investments "not otherwise expressly permitted," provided they qualify as "sound" investments and meet other conditions.

As the above outline indicates, only two provisions of existing Alaska law will need to be amended in order to qualify fully the securities of the African Development Bank. Similar legislation has already been adopted in New York and Illinois and has been proposed in a number of other states.

I would appreciate the opportunity to discuss this legislative proposal further with you or your staff. My colleague, George Lehner, and I would be happy to review with you in detail any questions you may have with regard to this matter. Mr. Lehner can be reached at 202-857-6232.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Mr. Willis F. Kirkpatrick
January 17, 1984 .
Page Three

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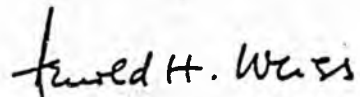
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I would appreciate the opportunity to discuss this legislative proposal further with you or your staff. My colleague, George Lehner, and I would be happy to review with you in detail any questions you may have with regard to this matter. Mr. Lehner can be reached at 202-857-6232.

Mr. Willis F. Kirkpatrick
January 17, 1984.
Page Four

Enclosed for your review is a copy of the White House press statement issued on February 8, 1983 marking the occasion of the formal acceptance of the U.S. in the African Development Bank and a reprint from "Institutional Investor" on the Bank.

Sincerely yours,


Arnold H. Weiss

Enclosures

S.B./H.B. _____

Offered _____ (Date) _____

By Senator/Representative _____

A Bill to amend Alaska Statutes §§06.05.270(a)(9) and 21.21, providing for certain investments in obligations of the African Development Bank.

BE IT ENACTED BY THE ALASKA LEGISLATURE THAT THE ALASKA STATUTES BE AMENDED AS FOLLOWS:

Section 1: Alaska Statutes §06.05.270(a)(9) is amended as follows:

"(9) obligations of the International Bank for Reconstruction or the Interamerican Development Bank or the African Development Bank subject to the limitation of (b) of this section."

Section 2: Alaska Statutes §21.21 is amended to add new section 340, as follows:

"Sec. 21.21.340 African Development Bank. An insurer may invest in obligations issued, assumed or guaranteed by the African Development Bank."

Section 3: This legislation shall take effect immediately upon passage.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 8, 1983

United States Joins African Development Bank

FACT SHEET

President Reagan today signed the necessary documentation accepting United States membership in the African Development Bank.

In 1972, non-regional countries joined Bank members in establishing the African Development Fund to provide concessional financing to the poorest African countries. In 1979, the Governors of the Bank extended the offer of membership to the United States and other non-regional countries.

In 1981, Congress authorized both U.S. membership in the African Development Bank and a U.S. subscription of \$359.7 million of Bank capital. Also in 1981, the first installment (\$17.99 million of paid-in capital and \$53.96 million of callable capital) was enacted by the Congress. Four additional installments with identical amounts for paid-in and callable capital subscriptions will be sought in the FY 1984-1987 period.

United States membership in the African Development Bank reflects this country's growing economic and security interests in this important region, and our desire to cooperate in a constructive multilateral effort to help the countries of Africa overcome their very serious development problems.

Background on the African Development Bank

The African Development Bank, with headquarters in Abidjan in the Ivory Coast, was established in 1963, by 30 African countries to make loans on near-market terms to promote economic and social development in member countries individually and through regional cooperation. Under the terms of the original Articles of Agreement, membership was restricted to independent African countries. There are currently 50 African member countries. In 1972, Bank members joined with non-regional countries to establish the African Development Fund to provide financing on concessional terms to the poorest African countries. The United States became a member of the Fund in 1976.

The Bank finances its loan operations primarily from the paid-in capital subscriptions of member countries and funds raised through borrowings or guarantees in international capital markets. Lending operations totaled \$1,663 million as of year-end 1981, with lending concentrated in public utilities (32 percent), industry and development banks (25 percent), transport (24 percent) and agriculture (17 percent).

Although Bank resources have increased significantly, the absence of industrial countries severely limited the Bank's access to world capital markets. In May 1979, the Governors of the African Development Bank agreed, subject to the necessary ratification by member governments, to invite non-African countries to join the Bank. Twenty-one non-regional countries subsequently agreed to subscribe a total of \$2.1 billion to the Bank, 25 percent in paid-in capital and 75 percent in callable capital. The United States share of the non-regional subscription is 17.04 percent, i.e., \$89.93 million in paid-in capital and \$269.80 million in callable capital.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 8, 1983

EXECUTIVE ORDER

AFRICAN DEVELOPMENT BANK

By the authority vested in me as President by the Constitution and statutes of the United States of America, including Section 1 of the International Organizations Immunities Act (22 U.S.C. 288), Reorganization Plan No. 4 of 1965, and the African Development Bank Act (22 U.S.C. 290i), and in order to facilitate United States participation in the African Development Bank, it is hereby ordered as follows:

Section 1. The African Development Bank, in which the United States participates pursuant to Sections 1332-1342 of Public Law 97-35 and the Agreement Establishing the African Development Bank, is hereby designated as a public international organization entitled to enjoy the privileges, exemptions, and immunities conferred by the International Organizations Immunities Act. This designation is not intended to abridge in any respect the privileges and immunities which such organization has acquired or may acquire by treaty or Congressional action. This designation shall not affect in any way the applicability of Section 1 of Article 52 of the Agreement, Article 57 of such Agreement or the Declaration made by the United States pursuant to Article 64 of the Agreement.

Sec. 2. Executive Order No. 11269, as amended, is further amended by deleting "and African Development Fund" and adding ", African Development Fund, and African Development Bank" in Sections 2(c), 3(d) and 7, respectively.

Sec 3. The functions vested in the President by Sections 1333(c), 1334, 1338(a) and 1341(b) of Public Law 97-35 (22 U.S.C. 290i-1(c), 290i-2, 290i-6(a), and 290i-9(b)) are delegated to the Secretary of the Treasury.

RONALD REAGAN

THE WHITE HOUSE,
February 8, 1983.

* * * * *

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 8, 1983

TEXT OF A LETTER FROM THE
PRESIDENT TO THE PRESIDENT OF THE
AFRICAN DEVELOPMENT BANK

February 8, 1983

Dear Mr. President:

On behalf of the United States of America, it gives me great pleasure to accept membership in the African Development Bank in accordance with Board of Governors resolutions 05-79, 06-79, and 07-79.

In accepting membership, I also wish to inform you of the following:

1. The United States of America has completed all steps necessary in accordance with its laws and is prepared to fulfill all the obligations of membership under the Agreement Establishing the Bank.

2. On January 31, 1983, a duly authorized representative of the United States of America signed the Agreement Establishing the Bank and deposited our instrument of acceptance with the United Nations.

3. The United States of America hereby subscribes to 1,491 shares of the paid-up capital stock of the African Development Bank ("Bank"), and 4,473 shares of the callable capital stock of the Bank (inasmuch as pertinent budgetary appropriations have already been obtained); and subscribes, subject to obtaining budgetary appropriations, to an additional 5,964 shares of the paid-up capital stock of the Bank and an additional 17,892 shares of the callable capital stock of the Bank in accordance with the provisions of the General Rules Governing Admission of Nonregional Countries to Membership in the Bank.

4. I have nominated Donald T. Regan, Secretary of the Treasury, to be Governor of the Bank and W. Allen Wallis, Under Secretary of State for Economic Affairs, to be Alternate Governor of the Bank. The Senate is now in the process of confirming those nominations. We will notify you when they have been confirmed.

5. Pursuant to Article 40 of the Agreement Establishing the African Development Bank, the United States of America designates the Department of the Treasury for purposes of communication with the Bank on matters connected with the Agreement.

DOJO

OVER)

and the Federal Reserve Bank of New York as the depository in which the Bank may keep its holdings of the currency of the United States of America or other assets.

6. The United States of America has fulfilled all the legal requirements necessary to make the subscription to the capital stock and to assure that the currency received by the Bank thereunder shall be freely convertible into the currencies of other countries for the purposes of the Bank's operations.

Sincerely,

RONALD REAGAN

Mr. Wila Mung'Ombe
President
African Development Bank
Abidjan, Ivory Coast

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

February 8, 1983

REMARKS OF THE PRESIDENT
IN CEREMONY MARKING U.S. MEMBERSHIP
IN AFRICAN DEVELOPMENT BANK

The State Dining Room

1:51 P.M. EST

THE PRESIDENT: Your Excellencies, President Mung 'Coba, Secretary Regan and members of the Congress and distinguished guests, one of the great pleasures of this office is that I often have a chance to do something unabashedly positive in nature. And I'm pleased to say that what we're about to do offers such an opportunity.

Today we mark the new American partnership, as I'm sure Secretary Regan has told you, with the people of Africa through our acceptance of membership in the African Development Bank.

We take the step purposefully and by it we underscore our commitment to African growth.

The United States has always taken a farsighted view to assist the growth of developing nations. At the Cancun Summit in October of '81, the United States laid out a broad-based program of trade, investment and aid to meet the diverse needs of the developing countries. Last year, we put this approach into practice in our Caribbean Basin Initiative for the developing countries of the Caribbean and Central America. And with this step today, the United States reaches out to its developing nation partners in Africa.

The United States and the African Development Bank are not new friends by any means. Since '68, the United States has provided technical assistance to the bank through the Agency of International Development. And since '76, we've channeled part of our development assistance to Africa through the bank's affiliates -- or affiliates, I should say, of the African Development Fund.

And now, by opening its membership to the non-African countries, the African Development Bank has given us the opportunity for even closer cooperation. I'm happy to say we accept the invitation and stand ready to do our share.

We're painfully aware that Africa's economic development is encountering difficult obstacles. As the leader in the cause of the progress, the African Development Bank group along with other assistance organizations must strive for more effective use of the limited development funds.

The African governments who carry the heaviest responsibility for their own domestic economy -- or economic conditions

MORE

must pursue a sound, growth-oriented policy if progress is to be made. Far too often, the governments of developing countries undermine their own private sector -- one of the essentials for commercial and industrial expansion -- only to see the standards of living decline in the countries that do that.

If the leaders of Africa's nations recognize the critical role of private enterprise, they can then expect to share in much more of the worldwide economic upturn that we think is now beginning in this country. Americans recognize both the special development needs and the great potential of Africa. The African Development Bank Group symbolizes the determination of Africa and the International Community to meet those needs and to achieve that potential.

We, in the United States, are enthusiastic about this partnership as I am sure the Secretary has told you. And we look forward to seeing tangible results from this cooperative and very special effort.

And now, I am going to sign a letter to the President of the Bank, and I am going to sign our Action Paper.

(The documents are signed. Applause.)

There, that makes it absolutely official.

(Applause.)

PRESIDENT MUNG'OMBA: Mr. President of the United States, Mr. Secretary of the Treasury, and the Governor of the African Development Bank, distinguished Senators and Congressmen, Your Excellencies, ladies and gentlemen, on behalf of the Board of Governors and the Board of Directors of the African Development Bank and on my own behalf, permit me to acknowledge with sincere gratitude the singular honor you have done the Bank and ourselves today in deciding to mark the signing of the formal instruments of accession of the United States to membership of the African Development Bank with this special ceremony.

Mr. President, the ceremony we have just witnessed is significant in many respects. But I think it is most obviously significant in that it marks the clearest commitment of the government and the people of this great country to the development objectives and aspirations of the African peoples as collectively expressed in their institutions that form the African Development Bank Group.

Mr. President, we have long had clear and consistent proof of the sincerity and sympathy of the United States toward these institutions. Your country's assistance both in the form of funds and technical assistance to the Bank has been a reliable and invaluable supplement to the Bank's own efforts for nearly as long as the Bank has been in existence. And this notwithstanding that, for reasons that are now happily historical, the United States could not at that time be a member of the African Development Bank.

The same history of great care and concern is even more amply evident in the clear leadership position that the

MORE

United States unreservedly accepted, in terms of both direct contributions and indirect assistance, when it became possible for this country to become a state participant in the African Development Fund a few years after its creation. Sir, today it marks a further confirmation of the commitment of your people, your government, and we recognize it as an explicit assurance that it is a long-term commitment.

And because it's long-term in nature, it further underscores the concern of the people of this country for the plight of the people of Africa, which is the chief duty of the institutions of the Bank group to help mitigate.

On behalf of the governing bodies of the Bank, it is my singular honor and pleasant duty to welcome the United States of America to membership of the Bank. You will, Mr. President, have, no doubt, have been informed at least in outline of the long period of internal debate which preceded the decision of our governors to admit non-African countries to membership of the Bank. In the end, what persuaded them was the consideration that non-African membership could create an opportunity on the continental level and, under their own leadership, for a more extensive dialogue and partnership between the two sides in combatting Africa's endemic development problems.

Mr. President, it is this opportunity which we in the Bank, with the assistance of countries like yours, have the responsibility to translate into reality. And I am convinced that we will succeed in this endeavor. There can be no doubt that with the material and technical resources that will be made available to the Bank as the result of this day's work, its effectiveness in manning this frontier and pushing it back is significantly enhanced.

Mr. President, your decision to have present at this ceremony such a distinguished and broadly representative selection of the members of the executive, the legislature and the business and banking organs of the nation signifies clearly to all of us how essential is the participation of all these sectors of the nation before this great adventure in international cooperation can become a true success.

Allow me, sir, to address a word of gratitude to the many concerned friends of Africa in the Senate and Congress whose consistent support for this program over all these years has today brought our efforts to fruition.

Equally, sir, a word of thanks is due to these tasks of both of the executive and the legislative who sought tirelessly and patiently assisted us at all stages of our preparations.

Mr. President, I would on this happy occasion go further and take this wonderful opportunity, on behalf of my colleagues, myself, the African Development Bank, personally to wish you a belated Happy Birthday and sincere good wishes for health, success and God's blessings in your future endeavors.

Sir, on behalf of the Boards of Governors and Directors of the Bank group, accept our most sincere welcome to the African Development Bank and our thanks to you and to the people of your great country. (Applause.)

END

2:05 P.M. EST

021125

**Corporate
Finance**



October 31, 1983

African Development Bank



SUMMARY FACT BOOK

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AFRICAN DEVELOPMENT BANK

Description

The African Development Bank (the "Bank" or "AfDB"), established in 1963, provides financial and technical resources to the African region for the economic and social development of its member countries.

In its first twenty years, the Bank was organized and capitalized entirely by African countries. The Bank's capital consists of callable and paid-in subscribed capital stock and reserves. Callable capital may not be used to fund loans and is subject to call only when required to meet the Bank's obligations on borrowings or guarantees. It is especially noteworthy that at March 31, 1983, the total subscribed capital of African members was \$3,269.7 million, of which \$817.4 million, or 25%, was in the form of paid-up capital.

On December 30, 1982, the Bank amended its Charter to open its membership to non-regional member countries. At March 31, 1983, the Bank's membership consisted of sixty-seven countries, fifty of which were African country members with the remaining seventeen composed of the new non-regional members, which include the United States, Japan, Canada,

and most of the major industrial countries of Europe. The new non-regional subscriptions at March 31, 1983 amounted to \$1,699.5 million, of which callable capital totalled \$1,274.6 million and paid-up capital amounted to \$424.9 million. These member countries are, in effect, both the Bank's shareholders and to the extent of their capital subscriptions, ultimate guarantors of the Bank's obligations. Their collective financial strength within the Bank transcends the individual strengths of each member country's subscription. At March 31, 1983, the Bank's total capital resources amounted to \$5,362.1 million, of which \$4,637.6 million was callable capital and \$724.5 million was paid-in capital plus reserves. The Bank has been profitable in every year since its creation and by policy, has retained all net income by transferring it to reserves.

In the ordinary capital operations of the Bank, loans are made for specific projects which are planned on the basis of detailed analysis and designed to fulfill a priority need in the borrowing member country. These are "hard" loans which have been thoroughly analyzed as to technical and economic feasibility and are fully documented as legal and binding obligations with terms and conditions comparable to commercial loans in the private sector. These loans are made only to, or guaranteed by, sovereign member governments or to agencies which engage the full faith and credit of a sovereign government. Since the Bank's inception, no borrowing entity has ever defaulted on a loan, and the Bank has maintained its firm policy of not engaging in any loan renegotiations or reschedulings.

This summary book has been prepared by the Corporate Finance Department of Kidder, Peabody & Co. Incorporated. The information contained in this report with respect to the African Development Bank, Inter-American Development Bank, World Bank, Asian Development Bank, and European Investment Bank has been obtained from officials, releases, trade and statistical services, and other sources which we deem reliable. We do not represent that it is accurate or complete, and it should not be relied upon as such. Any opinions expressed herein reflect our judgment at this date and are subject to change.

Kidder, Peabody & Co. Incorporated has on numerous occasions acted as an underwriter of the securities of the Inter-American Development Bank, World Bank, Asian Development Bank, and European Investment Bank and also acts as a market-maker in these securities. Kidder, Peabody & Co. Incorporated also acts as investment banker for the African Development Bank and will act as an underwriter and market-maker in its securities.

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AFRICAN DEVELOPMENT BANK

Ordinary Capital Resources
(Expressed in thousands of U.S. dollars)

		FINANCIAL SUMMARY					
		Total Assets (thousands)	Net Assets ¹ (thousands)	Total Liabilities (thousands)	Capital & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)
3/31/83		\$1,414,477	\$11,241	\$1,403,236	\$1,414,477	\$1,414,477	\$1,414,477
3/31/82		\$1,311,746	\$11,318	\$1,299,428	\$1,311,746	\$1,311,746	\$1,311,746
3/31/81		\$1,191,746	\$11,318	\$1,180,428	\$1,191,746	\$1,191,746	\$1,191,746
Ave. Annual Compound Growth Rate: 17.6%		12.7%	1.2%	12.7%	12.7%	12.7%	12.7%
		Total Capital (thousands)	Subscribed & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)
3/31/83		\$617,249	\$1,204,228	\$1,204,228	\$1,204,228	\$1,204,228	\$1,204,228
3/31/82		\$572,446	\$1,134,118	\$1,134,118	\$1,134,118	\$1,134,118	\$1,134,118
3/31/81		\$515,517	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228
Ave. Annual Compound Growth Rate: 17.6%		17.4%	17.4%	17.4%	17.4%	17.4%	17.4%
		Total Capital (thousands)	Subscribed & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)
3/31/83		\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249
3/31/82		\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228
3/31/81		\$991,249	\$991,249	\$991,249	\$991,249	\$991,249	\$991,249
Ave. Annual Compound Growth Rate: 17.6%		17.4%	17.4%	17.4%	17.4%	17.4%	17.4%
		Total Capital (thousands)	Subscribed & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)	Capital Stock (thousands)	Public Capital & Reserves (thousands)
3/31/83		\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249	\$1,137,249
3/31/82		\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228	\$1,064,228
3/31/81		\$991,249	\$991,249	\$991,249	\$991,249	\$991,249	\$991,249
Ave. Annual Compound Growth Rate: 17.6%		17.4%	17.4%	17.4%	17.4%	17.4%	17.4%

LOAN & BORROWING LIMITATIONS
 Loans Limited: The Bank is bound by its Agreement to limit its loans according to the total amount of its authorized subscribed capital, reserves and surplus, multiples of the Special Reserve.
 Borrowing Limitation: The Bank has adopted a policy of limiting its borrowings to 50% of the callable portion of its subscribed capital stock.
 *Currency: E.M.U., Netherlands & Co. Not limited to the above.
 †Financial institution: Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, and Sweden.
 N.A. Not applicable.

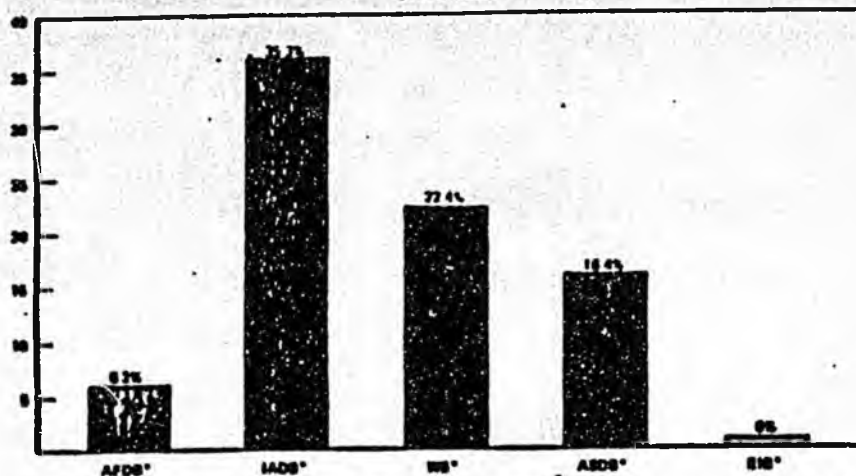
Important Facts About the African Development Bank

- The African Development Bank is located in Abidjan, Ivory Coast, where it is accorded sovereign status by treaty. The Bank has representative offices throughout Africa as well as in London, England.
- At March 31, 1983, the United States subscription to the African Development Bank alone covered the Bank's net funded debt by 80.3%. This compares very favorably to the U.S. subscription coverages (at fiscal year-end 1982) for the World Bank (30.4%), Asian Development Bank (46.3%) and the European Investment Bank (0%). Only the Inter-American Development Bank has a stronger U.S. coverage ratio of 160.0%. (Chart 2)
- At March 31, 1983, when the capital subscriptions of the major industrial nation members of the Bank, including the United States, Japan, and the major European countries, are collectively assessed, their total capital subscriptions covered the Bank's total net funded debt by 361.3%. This compares very favorably to the same coverages of other multilateral development banks' industrial members' subscriptions (at fiscal year-end 1982): World Bank (84.6%), IADB (205.4%), AsDB (170.8%) and EIB (69.6%). (Chart 3)
- Finally, when each bank's full membership subscription is compared to its net funded debt, for the above period of comparison, the African Development Bank reflects the strongest coverage ratio (1,338.4%), when compared to World Bank (147.9%), IADB (488.6%), AsDB (312.2%) and EIB (96.7%). (Chart 4)
- At year-end 1982, the AFDB'S ratio of temporary investments, consisting of government securities and equivalents, to net funded debt amounted to approximately 50.7%. This compares favorably to WB (29.2%), IADB (57.5%), AsDB (71.8%) and EIB (10.3%). (Chart 5)
- At year-end 1982, total equity capital (subscribed plus reserves) of the Bank (\$4,400.9 million) provided a coverage of 712.3% of total loans outstanding (\$617.9 million), the strongest coverage of the multilateral development banks compared. (Chart 6)
- Total loans outstanding, \$617.9 million at year-end 1982, have grown at a compound growth rate of 17.4% for the 1978-1982 period. At March 31, 1983, total loans outstanding (\$641.5 million) represented 45.4% of the Bank's total assets (\$1,414.5 million).
- Total debt for the Bank (net funded debt plus all other liabilities) at March 31, 1983 represented an amount equal to 48.8% of the Bank's total assets.

ASSET QUALITY RATIOS

UNITED STATES SUBSCRIPTION
% TOTAL STOCKHOLDER SUBSCRIPTION
(Fiscal 1962)

CHART 1



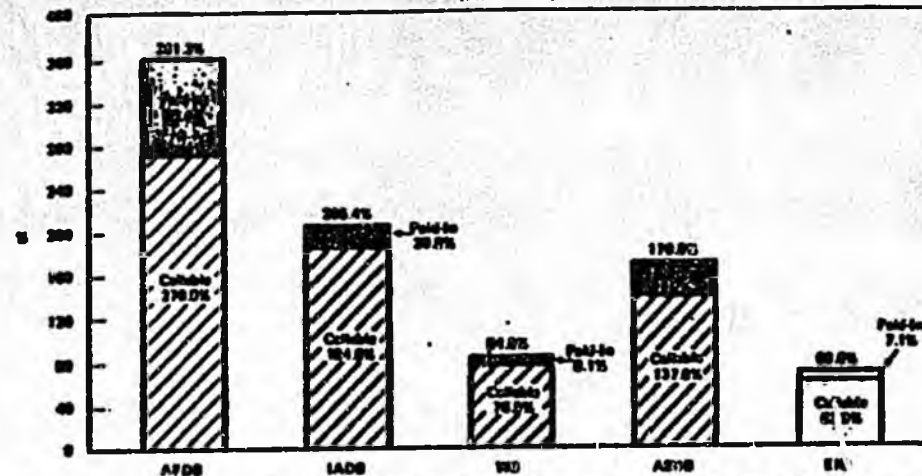
1. Inter-American Development Bank figures include combined Ordinary and Inter-Regional Capital.
 2. European Investment Bank figures reflect conversions to U.S. dollars at year end rate.
- IADB year ended 3/31/63

* African Development Bank ("AFDB"), Inter-American Development Bank ("IADB"), World Bank ("WB"), Asian Development Bank ("ASDB"), and European Investment Bank ("EIB").

ASSET QUALITY RATIOS

SUBSCRIPTIONS OF:
U.S., CANADA, SELECTED EUROPEAN MEMBERS*,
JAPAN, AUSTRALIA, AND NEW ZEALAND
% FUNDED DEBT (NET)
(Fiscal 1962)

CHART 2

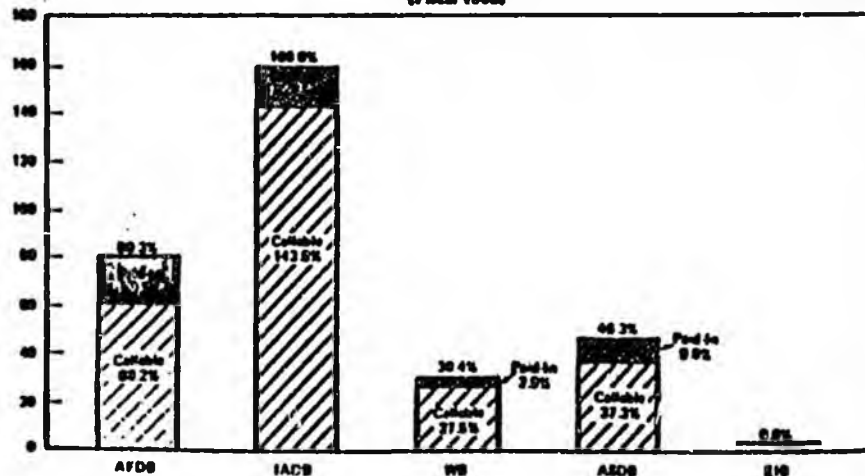


*Members include: Austria, Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, Spain, Sweden, and United Kingdom.

IADB year ended 3/31/63

UNITED STATES SUBSCRIPTION
% FUNDED DEBT (NET)
(Fiscal 1962)

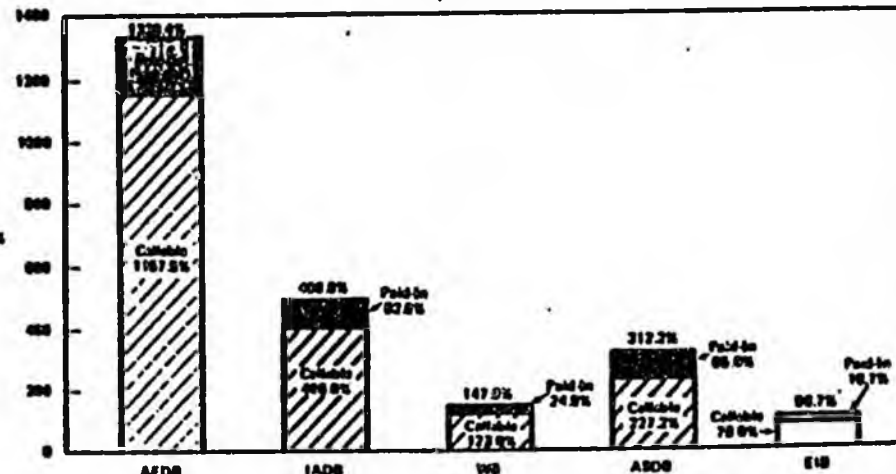
CHART 3



IADB year ended 3/31/63

TOTAL SUBSCRIPTIONS PLUS RESERVES
(Total Equity)
% FUNDED DEBT (NET)
(Fiscal 1962)

CHART 4

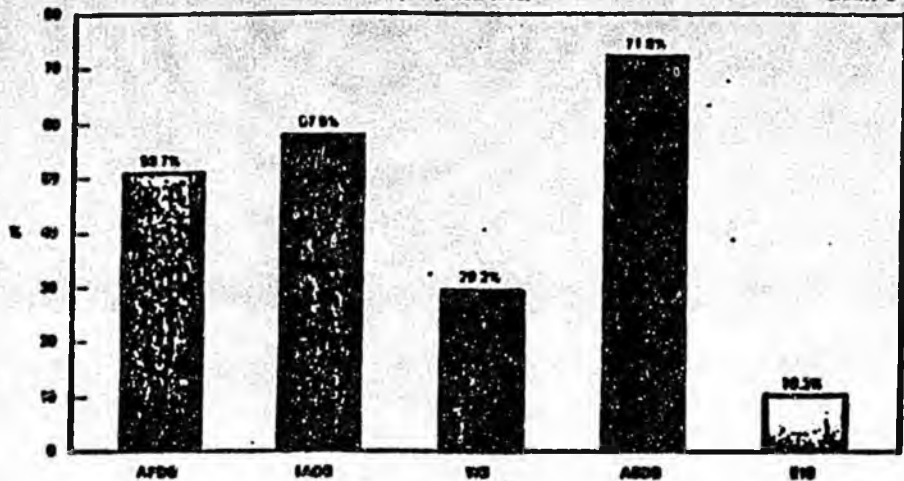


IADB year ended 3/31/63

LIQUIDITY RATIO

**TEMPORARY INVESTMENTS
& FUNDED DEBT (NET)
(Fixed 1982)**

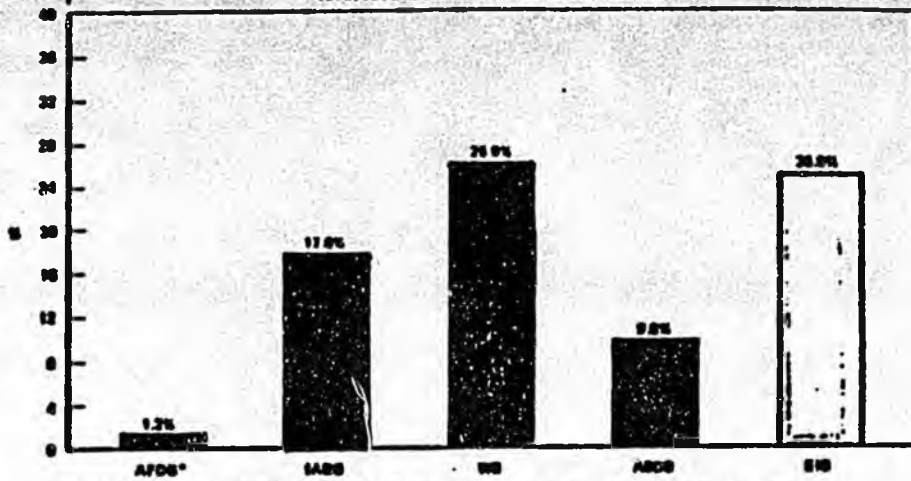
CHART 5



EARNINGS & PROFITABILITY RATIOS

**NET INCOME
1978/1982 COMPOUND GROWTH RATES**

CHART 7

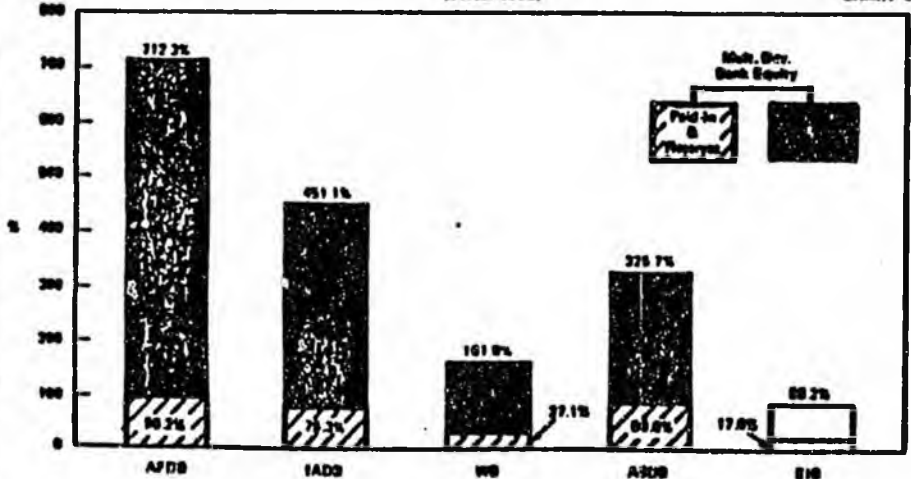


*AFDB figure adjusted to reflect Net Income prior to allocation to Special Reserve and any exchange loss or gain.

CAPITAL ADEQUACY RATIO

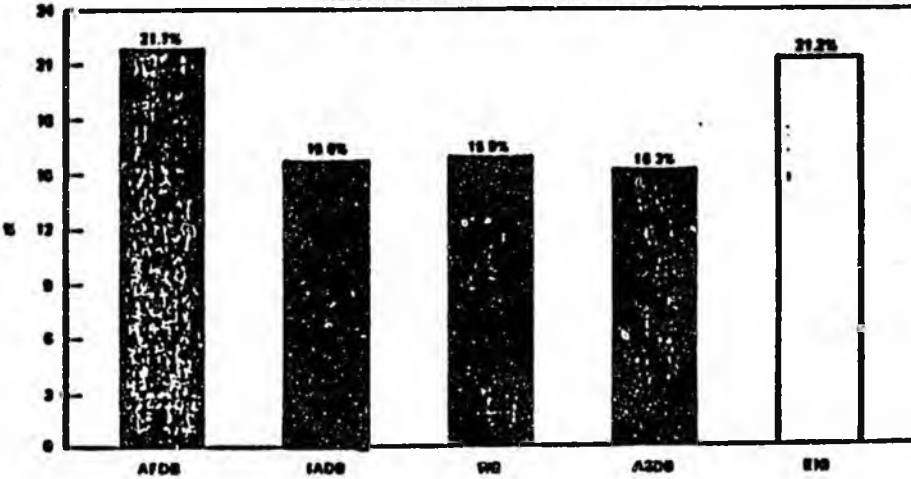
**YEAR-ENDED EQUITY
& YEAR-END LOANS
(Fixed 1982)**

CHART 8



**TOTAL LOAN INTEREST
OR LOAN INCOME
1978/1982 COMPOUND GROWTH RATES**

CHART 9



OUTSTANDING LOANS AND LOAN RATIOS
(Fiscal 1982)

(In thousands of dollars)

		<u>Total Disbursed, Undisbursed and Approved Loans Outstanding</u>	<u>(Disbursed) Total Loans Outstanding</u>	<u>Loans Undisbursed Balance</u>
ADB ¹	S.U.S.	\$ 1,656,100	\$ 641,534	\$ 1,014,566
	% Subscribed & Reserves	30.9%	12.8%	18.9%
IDB ²	S.U.S.	\$10,360,673	\$ 4,593,770	\$ 5,766,893
	% Subscribed & Reserves	49.7%	22.2%	27.5%
IDB ³	S.U.S.	\$61,151,746 ⁴	\$29,167,335	\$24,978,811
	% Subscribed & Reserves	138.2%	62.1%	53.2%
AsDB ⁵	S.U.S.	\$ 6,036,704	\$ 2,484,629	\$ 3,552,075
	% Subscribed & Reserves	69.8%	38.7%	38.3%
EBD ⁶	S.U.S.	\$19,298,583	\$17,594,810	\$ 1,656,973
	% Subscribed & Reserves	124.1%	113.4%	10.7%

ADB figures reflect year-ended 12/31/82 for ordinary and extraordinary resources.
For combined ordinary and extra-regional capital resources.
International Bank for Reconstruction and Development.
Ordinary capital resources.
At year-end conversion rate: 1 European Unit of Account = 0.937667 U.S. dollars.
Includes loans approved but not yet effective, and disbursed and undisbursed effective loans.

**OUTSTANDING FUNDED DEBT
AND FUNDED DEBT RATIOS**

	<u>Net Funded Debt</u>	<u>Net Funded Debt % Of Cable Capital</u>
	(Expressed in thousands of U.S. dollars)	
ADB ¹	\$ 408,629	8.6%
IDB ²	\$ 4,241,699	24.8%
WB ³	\$31,768,918	81.3%
AsDB ⁴	\$ 2,800,713	44.8%
EBD ⁵	\$16,034,390	128.1%

¹At 3/31/82 for ordinary capital resources.
²At 12/31/82 for combined ordinary and extra-regional capital resources.
³At 6/30/82 for International Bank for Reconstruction and Development.
⁴At 12/31/82 for ordinary capital resources.
⁵At 12/31/82 at year-end conversion rate.

For more information about the African Development Bank, or a copy of one of Kidder, Peabody's more detailed analyses on Multilateral Development Banks, please contact:

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SB 353: "An Act relating to insurer investments in development banks."

SB 353 adds the African and Asian Development Banks to the eligible list of development banks into which investments can be placed. Provisions regarding solvency and nondefault status are also added.

The provisions in this bill are identical to the language contained on page 30, Section 30 of SB 212, an Act relating to insurer solvency, introduced last session by the Governor. SB 212 is in the Senate Labor and Commerce Committee.

The department supports this legislation. The additional provisions regarding solvency and nondefault status give the department the opportunity to make sure these banks are good investments before they are used by insurers.



Larry Mercurieff, Commissioner

Date: 9/1/90

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MEMORANDUM

AFRICAN DEVELOPMENT BANK STATE
LEGISLATIVE PROGRAM - ALASKA

I. Background

The African Development Bank ("the Bank") is currently seeking the enactment of legislation, where necessary, which would permit state-regulated banks, insurance companies, fiduciaries and public employee retirement systems to invest in Bank obligations if they choose to do so. Several years ago, largely through the joint efforts of the Congressional Black Caucus and the Reagan Administration, Congress enacted Title XIII of P.L. 97-35 authorizing United States membership and financial participation in the Bank, which was initially created in 1964 and until 1982 limited its membership to African countries. Today, the Bank's membership includes all African nations except for South Africa, plus the Governments of the United States, Canada, Japan and Western Europe.

The Bank, a principal source of financing for economic development projects on the African continent, funds these projects through the sale of its obligations in the world's capital markets. As with the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank and the Asian Development Bank, investments in African Development Bank securities by the state-regulated institutions described above generally require either state legislation or administrative agency rulings prior to the time such securities can be marketed in a particular state. P.L. 97-35 referred to above authorized federally regulated financial institutions to invest in such securities.

Since initiating state legislation activities several years ago, the Bank has obtained passage of legislation or secured comparable administrative agency public rules to qualify its securities for investment in forty-two states.^{1/}

^{1/} These include Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Virginia, Washington, West Virginia and Wisconsin. In addition, Alaska state-chartered banks obtained such investment authorization through legislation enacted in the 1988 session.

Bills are also pending in several additional states, while others have either issued private administrative rulings or have laws which already permit such investments under a "prudent investor" standard. It should be noted that each state has its own particular laws applicable to state-regulated institutional investors and no two states are alike in this regard.

The Bank entered the United States capital market for the first time in the Fall of 1985 and most recently in early November 1987 with highly successful bond issues. The three principal American bond rating services have given its bonds AAA, AAA and AA ratings, which makes this type of investment quite attractive once a regulated investor receives appropriate legal authorization. In order to assure a successful United States market presence, the Bank is seeking enactment of legislation in a number of additional states, including Alaska, to obtain this authorization.

II. Specific Legislation Needs in Alaska

A review of the applicable Alaska laws indicates a need for amending only one section of the Alaska Statutes to gain investment authorization for state-regulated insurance companies. This involves merely adding the name of the African Development Bank to those of the World and already eligible for such investments. Alaska state banks recently gained this investment authorization in similar legislation, while other regulated investors apparently already have the necessary authority without the need for statutory change.

Based upon experience to date in other states, this legislation should be completely noncontroversial. President Reagan and the U.S. Treasury Department have actively supported efforts to get this legislation enacted, as have many Black political leaders around the country. Because of the high Bank securities ratings, prospective investors also support it since this increases their high-yield, low-risk portfolio options and provides them an opportunity to make both profitable and socially worthwhile investments. Finally, since the Bank is the major source of foreign exchange financing for transactions in or with Africa, American exporters and technical assistance providers to that continent have ample incentive to support the Bank's financial success.

Prepared November 1988 by:

David Aronofsky, Esq.
U.S. Legal Counsel, African Development Bank
Arent, Fox, Kintner, Plotkin & Kahn
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5339
202-857-6054



THE SECRETARY OF THE TREASURY
WASHINGTON

FEB 12 1988

Dear Governor Cowper:

I am writing in support of the African Development Bank's efforts to obtain the qualification of its obligations in the State of Alaska for investment by certain state-regulated institutions.

The African Development Bank was established as a multilateral development bank in 1963 to foster economic and social development of its African members individually and through regional cooperation. In addition to all independent African countries except for South Africa, the Bank's membership now includes the United States, as well as the countries of Western Europe, Japan and other developed nations. The African Development Bank is patterned after the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank and the Asian Development Bank, in that they all make extensive use of the world's capital markets through the sale of their highly rated bonds and other obligations to obtain funds for development lending activities. A substantial percentage of such funds finances the purchase of American goods and services used in critical development projects. This in turn enables American businesses and academic institutions to participate directly in these activities, to the benefit of all concerned.

I would appreciate your State taking the necessary steps to have the African Development Bank receive at least as favorable treatment under the laws of Alaska as is currently accorded to one or more of the other multilateral development banks with respect to the qualification of the Bank's securities for purchase by state chartered banks, savings and loan associations, insurance companies, public employee retirement systems and any special statutory or constitutional funds. At least 34 states have already wholly or partially accorded such treatment to the African Development Bank through enactment of legislation or, where appropriate, administrative agency rulings. I anticipate that the Bank will be in touch with you through its American legal counsel to present detailed legislative proposals.

Sincerely,

James A. Baker, III

The Honorable Steve Cowper
Governor, State of Alaska
Juneau, AK 99811-0101

cc: The Honorable Jan Faiks
The Honorable Ben Grussendorf

Third World Projects Create a New Market

By CLYDE H. FARNSWORTH

Special to The New York Times

WASHINGTON, Oct. 9 — Although the market for exports to cash-strapped developing countries has fallen strikingly in the past decade, third-world projects financed by the international development banks have created a booming market for an array of products.

Under their crushing debt burden, developing countries, which normally buy about a third of all American exports, cut purchases from the United States by 13 percent since 1981, to \$82.7 billion in 1987.

But in the same period, American companies doubled, to \$2.1 billion a year, their sales of items needed for projects financed by the four leading development banks — the World Bank, the Inter-American Development Bank, the African Development Bank and the Asian Development Bank.

The market created by the development banks includes power generators, water pumps, trucks, tractors, drilling rigs, irrigation equipment, farm implements, telecommunications equipment, pesticides, seeds and schoolbooks.

In the past five years, the World Bank and the three regional institutions have disbursed \$76 billion to business contractors, chiefly in the industrial countries, to support projects in more than 100 developing countries, according to a recent report by Development Bank Associates Inc., a research group based in Washington.

Chances are that future disbursements will be even greater, following recent Congressional action authorizing American participation in a \$75 billion increase in the resources of the World Bank, nearly doubling its capital. A large increase in funds for the Inter-American Development Bank is likely to be approved in the next few months as well.

"The development banks have created an enormous market," said David A. Raymond, director of international programs for the Enserch Corporation of Dallas, a diversified energy operator which aggressively pursues World Bank contracts. "It isn't an easy business and there's more competition than ever. But it pays hard currency on projects throughout the world."

Despite the numbers, analysts here note that American bidders like Enserch are still relatively few.

"Many business executives do not

The development banks are bringing about a boom for many products.

know about the bidding process," the United States Chamber of Commerce said in a special study of the market published two years ago. "Others fear red tape."

Development Bank Associates said in a recent report, "A Practical Guide to the Development Bank Business," that less than 3 percent of United States exporters are actively engaged in marketing products for such projects.

The lack of interest has hit the pockets, too. Even as the United States has strikingly increased exports to the development-bank market, it has been losing market share to its principal commercial rivals — West Germany and Japan.

By far the biggest of the development institutions, the World Bank committed \$17.7 billion in 1987 to expand power distribution in Argentina, build irrigation works in Belize, expand technical education in Brazil and to aid scores of other programs. Commitments by the three regional institutions totaled \$7 billion, bringing the total for the four to \$24.7 billion.

The commitments become actual disbursements as the multiyear projects reach varying stages of completion needing additional equipment and supplies.

Most of the contracts are relatively small — in the range of \$10,000 to \$50,000. In a recent year, 65 percent of all equipment contracts and 55 percent of all consultancy contracts on World Bank projects were for less than \$50,000, according to the Development Bank Associates study.

Over the same period there were 2,000 payments by the World Bank of more than \$1 million.

The development-bank business is confined to developing countries, which includes nearly all countries with per-capita yearly income of less than \$3,000. These include such giants as China and India and such tiny island states as Kiribati and Vanuatu. The market also includes some East bloc countries like Hungary and Poland.

low rates. Others disagree.

"I think tax policy in 1989 is going to be a back-burner issue," said Donald H. Straszheim, chief economist for Merrill Lynch & Company, even though "the budget and trade deficits are troubling to economists."

"We're likely to end up with higher taxes down the road, but not immediately," he said. Some form of energy tax is likely, he suggests, and eventually a value-added tax could be imposed. If income tax rates are raised, then preferential treatment for capital gains is "not unreasonable," he said. But with a new Administration and a new Congress due to take office, he does not expect the tax rates to be changed in 1989.

Mr. Straszheim sees a modest recession and lower interest rates for the second half of 1989. If that forecast is accurate, it would argue against making tax-driven sales of bonds now, because bond prices would rise if rates fell. One strategy, though, would be to sell bonds on which one has a loss and replace them with similar securities.

Vern Martens, vice president of Merrill Lynch Tax Advisory, noted that if there is no change in tax rates next year, "taxpayers will pay lower taxes because of indexing for inflation." Nevertheless, he said, "people are still looking for something that will provide a tax break."

The most popular tax-exempt investments are municipal bonds, although certain municipal bonds are subject to the alternative minimum tax. These latter bonds pay slightly higher rates and thus are attractive to investors who are not liable for the alternative minimum tax.

Mr. Martens offered these additional possibilities for reducing taxes:

• Rehabilitation credits for low-income housing can cut taxes by up to \$7,000.

• Tax-deferred annuities can be attractive for retirement plans.

• By switching from money market funds to certificates of deposit or Treasury bills or notes, investors can defer income into future years. A switch in October, however, will only reduce 1988 interest income by 25 percent.



Walt Goldenberg

is a current investment stars, but the 1991. mum tax — reductions or do well by to accelerate. T said. That If they are minimum tax normal rate of

of these in- should do so 7 to lock in might con- against the that one also ions against

owning Fed- vitable, re- gn rhetoric. take the in- historically

Oil's Challenge to OPEC

From First Business Page

Oil production is up a day, from around 4.3 million barrels a day a month ago. Officials said their current goal was to keep their production to protect their share of the market against other producers are discounting their oil production to secure sales.

Industry officials said that overall would substantially lower to 14 million barrels a day. The higher ceiling would allow for a 15 million barrels a day.

permanently lower oil prices.

One industry expert said the tentative proposal depended upon a compromise between Iraq and Iran under which the countries would agree to equal production shares of 2.5 million barrels a day each. Iraq is now producing about 2.7 million barrels a day, while Iran's output is just below 3 million barrels a day.

Under the new proposal, OPEC would also agree to lower the official price it has used as a yardstick, to closer to \$15 a barrel, from \$18.

But OPEC officials and oil analysts fear that until an agreement is reached, a further steep drop in oil prices is a real possibility, bringing a crash to oil markets and, perhaps,

Pillsbury Sued Over Offer

... to protect the interests of the ...

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January 29, 1990

RECEIVED
JAN 30 1990

Senator Dick Eliason, Chair
Labor & Commerce Committee
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Eliason:

I am writing to thank you for allowing me to testify via teleconference in the January 24, 1990 Senate Labor & Commerce Committee meeting.

Senator Faiks raised a question during the meeting that deserves further clarification. She asked whether the World Bank should be included in SB 353. My review of the Alaska Statutes has revealed that AS 21.21.120 already allows an insurer to invest in the obligations of International Bank for Reconstruction and Development (IBRD). The IBRD is more commonly known as the "World Bank." Thus the concern for inclusion that Senator Faiks expressed is already addressed in Alaska law.

Please do not hesitate to contact me if you have any other questions or concerns.

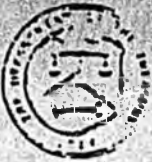
Sincerely,



Henry M. Lancaster II
President

HML:bgm

cc: Sen. Tim Kelly
Sen. Jan Faiks
Sen. Pat Rodey
Sen. Jalmar Kertula
Sen. Jack Coghill



THE SECRETARY OF THE TREASURY
WASHINGTON

August 12, 1963

Dear Governor Sheffield:

I am writing you in support of the African Development Bank's efforts to obtain the qualification of its obligations in the State of Alaska for investment by certain institutions.

The African Development Bank was established as a multi-lateral development bank in 1963 to foster economic and social development of its African members individually and through regional cooperation. In addition to fifty African countries, the Bank's membership now includes the United States and 16 other non-regional countries (primarily the countries of Western Europe and Japan). The African Development Bank is patterned after the International Bank for Reconstruction and Development (the World Bank) and the Inter-American Development Bank. Like them and the Asian Development Bank, the African Development Bank has been making extensive use of capital markets throughout the world to obtain resources for its development lending activities.

I would appreciate your state taking the necessary steps to have the African Development Bank receive at least as favorable treatment under the laws of Alaska as is currently accorded to one or more of the other multilateral development banks with respect to the qualification of its securities for purchase by certain institutions in your state (see the enclosed excerpts from Alaska's statutes). New York and Illinois have already acted to accord such treatment to the African Development Bank. I anticipate that the Bank, through its legal counsel, will be in touch with you to present detailed proposals.

Sincerely,

Donald T. Regan

The Honorable
Bill Sheffield
Governor of Alaska
Juneau, Alaska 99811

Enclosures

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2521

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

March 5, 1984

Mr. Arnold H. Weiss
Arent, Fox, Kintner, Plotkin
and Kahn
1050 Connecticut Ave., N.W.
Washington, D.C. 20036-5339

Dear Mr. Weiss:

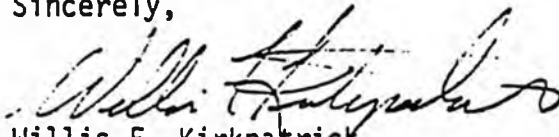
Re: African Development Bank

Please excuse the somewhat tardy answering of your letter of January 17, 1984. I have reviewed your letter and the enclosures with interest. The suitability of the bank's securities as an investment appears to be sound. I would, therefore, pose no objection to the State's financial institutions being able to purchase them.

Our present statutes, however, do not allow for investment in the African Development Bank. It will, therefore, be necessary to introduce the appropriate legislation to enable them to specifically invest in securities offered. It will be necessary for you to introduce the legislation in our Legislature. We shall be glad to testify in favor of such legislation.

I hope I have answered all your questions. If I may be of further assistance, please feel free to call on me at any time.

Sincerely,


Willis F. Kirkpatrick
Director

WFK/mst1/5
030584a

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, SMALL LOANS & CORPORATIONS

83-14996

BILL SHEFFIELD, GOVERNOR

FOUCH D
JUNEAU, ALASKA 99811
PHONE: 455-2521

September 16, 1983

Mr. Donald T. Regan
Secretary of the Treasury
Department of Treasury
15th Street & Pennsylvania Avenue
Washington, D.C. 20220

Dear Mr. Regan:

Re: African Development Bank

Your letter has been passed on to me for an answer. Please excuse the delay in answering regarding the subject dated August 12, 1983. Some amount of research was, however, in order. We do not, at the present time, have a firm policy regarding the subject. We have the matter under investigation and advisement. We will probably not finalize until we hear from the bank's legal counsel.

If I may be of further assistance, please feel free to call on me at any time.

Sincerely,



Willis F. Kirkpatrick
Director

WFK/cw#2511
91583A

58353

HENRY LANCASTER, INC.

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May 1, 1990

Rep. Dave Donley
Chairman
House Labor & Commerce Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Chairman Donley:

It was brought to my attention that a question was raised during Labor & Commerce Committee deliberations on May 1, 1990 concerning any association between the African Development Bank and the country of South Africa. The regional members of the bank include 50 of the 52 countries on the continent of Africa. South Africa is not a regional member country.

There are twenty-five (25) non-regional members of the bank and twenty-seven (27) members of the African Development Fund. South Africa is not a member of either of those entities. I have enclosed a section from an AfDB publication that identifies countries where it has invested in projects.

Please do not hesitate to contact me if you have any other questions.

Sincerely,



Henry M. Lancaster II
President

HML:bgm

S B

3 5 8

SENATE FINANCE COMMITTEE REPORT

DATE: 2/23/90

FURTHER:

DATE TURNED INTO OFFICE: 2/28/90

The Finance Committee considered SS&B 358
Act relating to fingerprinting of minors.

and recommended:

replace with CS 355B 358 (Fin) same title
 or adopt CS new title
 attached amendment(s) technical title change (HB only)
 letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:
 fiscal note(s) _____

 zero fiscal note(s) _____

 appropriation-no fiscal note

APPROVES PREVIOUS: Updated
Dept/Date:
 fiscal note(s) 9.1 DPS 2/26/90

 zero fiscal note(s) DH 255 2/20/90

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

[Signature]

FISCAL NOTE

REQUEST:

Revision Date: February 6, 1990 Agency Affected: DH&SS
 Title: An Act Relating to Fingerprinting BRU: Youth Services
of Minors
 Sponsor: Senators Fisher & Kelly Components: Probation Services
 Requestor: _____

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-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

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)

This bill has no fiscal impact on the Department in FY90. SSSB358 permits the fingerprinting of minors arrested for an offence that is a felony if committed by an adult. Fingerprinting of minors 16 years of age and older could be entered into the Alaska automated fingerprint identification system. Arresting law enforcement agencies would take the fingerprints and the Department of Public

Prepared by: Russ Webb Phone: 465-3170
 Division: Family and Youth Services Date: _____

Approved by Commissioner: [Signature] Date: 2/20/90
 Agency: _____

Distribution (by preparer):

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

Changes in CS SSSB 358 (Juo)
 have no fiscal impact.
 This fiscal note is
 appropriate. CK

Changes in SSSB 358 (Fin)
 have no fiscal impact
 this fiscal note is
 appropriate. 2/23/90 JW

SSB358 An Act Relating to the Fingerprinting of Minors (con't.)

Safety would do the entries. This Department would not be fiscally impacted.

FISCAL NOTE

REQUEST:

Revision Date: 2/23/90 Agency Affected: Public Safety
Title: An Act Relating to the BRU: DPS Statewide Support
Fingerprinting of Minors
Sponsor: Sen. Fischer Component: AK Criminal Records
Requestor: Senate Judiciary & ID

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	9.1	9.1	9.1	9.1	9.1	9.1
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	9.1	9.1	9.1	9.1	9.1	9.1

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	9.1	9.1	9.1	9.1	9.1	9.1
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL	9.1	9.1	9.1	9.1	9.1	9.1

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 Records and Identification Section operates the Alaska Automated Fingerprint Identification System (AAFIS) and maintains criminal history record information used by police and other criminal justice agencies.

(continued on attached)

Prepared by: Ken Bischoff
Division: Administrative Services

Phone: 465-4336
Date: 02/26/90

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

Date: 02/26/90
Page 1 of 2

Changes in CSSSSB 358 (Fin)
have no fiscal impact
This fiscal note is
appropriate. 2/28/90 ul

2/24/90

FISCAL NOTE - CSSSSB 358
Department of Public Safety
(Analysis - Page 2 of 2)

This bill would allow the fingerprinting of juveniles age 14 or older who are arrested for criminal offenses. These fingerprints would be compared with latent (crime scene) prints contained in the Alaska Automated Fingerprint Identification System (AAFIS).

This bill should have a positive impact on the ability of police to solve cases involving juvenile offenders. A large percentage of theft and burglary offenses are committed by juveniles. Fingerprint evidence is frequently found at the scene of these offenses, but is not matched to any suspect because juveniles are not fingerprinted. AAFIS records indicate that a large number of theft and burglary offenses are cleared when adults are arrested and their fingerprints matched to latents from crimes committed when the offender was a juvenile. Had these persons been fingerprinted as juvenile offenders they could have been identified, clearing additional cases and enabling the court to consider the offender's complete conduct when deciding the disposition of a case.

Existing AAFIS staff are not able to keep current with their present workload. Additional funding is required in Personal Services to increase the staff months of a part-time position approved for this unit for FY91 under a fiscal note for HB 52 (Chp 7 SLA 1990). The increased workload expected as a result of this bill is estimated as follows:

Estimated Number of Juvenile Fingerprint Cards	=	2,700
Total time to complete 15 processing steps	=	436 hrs
Clerk IV - Range 9A (3.5 months)		
Salary		\$6,059
Benefits		<u>2,999</u>
Total Salary & Benefits		\$9,058

252

Original sponsor(s): SEN. FISCHER, Kelly

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 358 (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 fingerprinting of minors; and
7 providing for an effective date."

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

9 * Section 1. AS 47.10.097(a) is amended to read:

10 (a) Except as provided in (b) of this section, a minor in the
11 custody of the department or of a law enforcement agency may not be
12 fingerprinted for reference to or entry into the Alaska automated
13 fingerprint system without a court order upon good cause shown. Good
14 cause exists if the minor is in custody for a criminal offense or if
15 identification of the minor is necessary for the safety of the minor
16 or of other persons.

17 * Sec. 2. AS 47.10.097(b) is amended to read:

18 (b) A law enforcement officer may fingerprint a minor who is 14
19 [16] years of age or older for reference to or entry into the Alaska
20 automated fingerprint system without a court order when the minor is
21 arrested [CONVICTED OF, OR ADJUDICATED A DELINQUENT] for a criminal [,
22 AN] offense [THAT IS A FELONY].

23 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

24
25 *SFC Added*

Laurie

465-4322

February 23, 1990

The Honorable Jan Faiks
Chairwoman
Senate Judiciary Committee
P.O. Box V
Juneau, AK 99811

RE: CS SSSB 358 (JUD), "An
Act Relating to Finger-
printing
of Minors"

Dear Senator Faiks:

At the Senate Judiciary Committee meeting yesterday regard-
ing SB 358, some questions were raised by committee members,
and I was asked to provide some additional information.

In response to the question regarding the number of juveniles
arrested for criminal offenses in Alaska, I am enclosing a
summary of those numbers for calendar years 1987 and 1988.
These numbers are based upon Uniform Crime Report (UCR) data
reported to the Department of Public Safety (DPS) by 24
police agencies; we estimate that about 85 percent of the
state's population is served by these 24 agencies.

As you may recall from the testimony given yesterday, the
Alaska Automated Fingerprint Identification System (AAFIS)
works in the following manner: A set of fingerprints taken
from an arrested offender is entered into the computer, and
compared with latent prints ("unknowns") collected from
crime scenes. The computer searches the entire data base,
and provides a list of prints that are possible matches
("hits"), with the most likely matches listed first. The
AAFIS operator then pulls and physically compares the
original fingerprint card with the latent prints. A
positive identification is based only on an actual
comparison of the original prints.

As you know, the committee substitute adopted by the Judi-
ciary Committee would allow the fingerprinting of juveniles
aged 14 or older who are arrested for criminal offenses. A
question was raised regarding the usefulness of fingerprints

Faiks

taken from offenders aged 14 and 15 given that these offenders will continue to grow, and the size of their fingers will therefore change over time. I have spoken with Mr. Petar Davis, Supervisor of the DPS Records and Identification Section, and Mr. John Sauve, Supervisor of AAFIS, regarding this matter. They have informed me that our present AAFIS is accurate to "plus or minus 18 percent of growth." Beyond 18 percent there is a loss of accuracy in the computer's ability to detect a match. This loss of accuracy is in direct proportion to the quality of the original print. (Some latent prints collected at crime scenes are partial or somewhat smudged.) This loss of accuracy may mean that an actual match may not be detected; it would not result in an incorrect "match."

Based on our experience, and that of other law enforcement agencies with Automated Fingerprint Identification Systems (AFIS), we believe that the fingerprints of virtually all 14- and 15-year-olds would be within 18 percent of the size of the person's adult fingerprint. The San Francisco Police Department has included the fingerprints of juvenile offenders in its AFIS since 1984. They have informed us that the slight difference in size between juvenile and adult prints has not presented a problem in obtaining matches in their system. Here in Alaska from 1984 through 1989 the fingerprints of 124 persons arrested for the first time as adults were matched with unidentified latent fingerprints taken from the scenes of unsolved crimes which were committed when the arrestee was a juvenile. We believe very strongly that the ability to obtain and enter into AAFIS the fingerprints of 14- and 15-year-old juveniles arrested for criminal offenses would be of tremendous assistance in solving crimes in Alaska.

I would like to emphasize a point made during yesterday's hearing. Fingerprint records maintained in AAFIS are entirely separate from criminal history records, which are contained in the Alaska Public Safety Information Network (APSIN). The presence of a person's fingerprints in AAFIS does not mean that a person has a criminal record. For example, AAFIS contains thousands of fingerprints submitted by persons seeking employment in or certification for certain fields, such as school bus drivers, teachers, law enforcement officers, and security guards, to name a few. Under AS 44.41.020, any person who wishes to do so may submit his or her fingerprints, or those of their minor children, for inclusion in AAFIS.

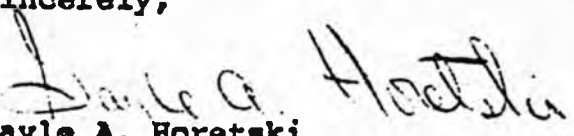
The Honorable Jan Faiks

-3-

February 23, 1990

I hope this letter answers the questions raised by committee members yesterday. Please let me know if I can provide any further information.

Sincerely,


Gayle A. Horetski
Deputy Commissioner

Enclosure: a/s

cc: The Honorable Pat Rodey
Vice-Chairman
Senate Judiciary Committee

The Honorable Rick Halford
Senate Judiciary Committee

The Honorable Drue Pearce
Senate Judiciary Committee

The Honorable Mike Szymanski
Senate Judiciary Committee

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Anchorage Daily News 2/23/90 E3

Police arrest suspect in Safeway stabbing

By **MARILEE ENGE**

Daily News reporter

Anchorage police on Thursday arrested a man suspected of stabbing two Safeway employees earlier this week after identifying him through the state's fingerprint computer.

Mike Troy White, 27, was charged with attempted murder and two counts of first-degree assault for the Monday morning stabbings. He was booked into Cook Inlet Pre-Trial Facility on \$100,000 bail.

Employees of the University Center Safeway store saw a man shoplift some cigarettes about 6 a.m. Monday, police said. When Donald Tomlinson and Dustin Prince tried to stop the man at the door, he pulled

a hunting knife and stabbed them.

Tomlinson was knifed in the back and underwent surgery at Providence Hospital. He was in stable condition there on Thursday. Price was treated for a leg wound and released.

Investigators took a fingerprint from the scene, ran it through the computer and came up with White's name. Then they pulled a photograph of him from state records and showed a photo line-up to witnesses, who identified him, said police spokesman Sgt. Walt Monegan.

Thursday, police found White at the Eagle Crest, a men's half-way house and residence hotel on Ninth Avenue. They surrounded the building and arrested him inside about 6 p.m.

Senate committee delays

The Associated Press

JUNEAU — A Senate committee vote on legislation that would ban flag desecration in Alaska was postponed Thursday because of a judge's ruling that the new federal flag-desecration law was unconstitutional.

The Senate Judiciary Committee had planned to approve the flag bill and

send it on its way. But the committee's vote on the bill was postponed. Jan Faiks, said he will look at the new law.

"I don't think it's just for political purposes," Faiks said. "I don't think it's something that's just for political purposes." Faiks, R-Anchorage, said he will look at the bill in the District Judiciary Committee.

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JUVENILE ARRESTS *

	1987	%	1988	%	87/88	%
Major Felonies**						
Total Arrests	990		1,100		2,090	
Juveniles	96	9.7%	97	9%	193	9%
Burglary						
Total Arrests	1,041		960		2,001	
Juveniles	475	46%	509	53%	984	49%
Larceny						
Total Arrests	4,934		4,398		9,332	
Juveniles	1,754	36%	1,624	37%	3,378	36%
Motor Vehicle Theft						
Total Arrests	331		481		812	
Juveniles	166	50%	214	44%	380	47%
Grand Totals					14,235 Arrests	
Juveniles					4,935	35%

* Data obtained from 24 police agencies submitting Uniform Crime Reports (about 85% of Alaska's population is served by these 24 police agencies)

** Major Felonies - Combined figures for Murder, Manslaughter, Rape, Robbery and Aggravated Assault

BILL NO: SSSB 358

DATE: February 14, 1990

TITLE: An Act relating to the fingerprinting of minors

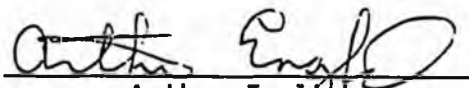
CONTACT: Gayle A. Horetski
Deputy Commissioner
465-4322

DEPARTMENT OF PUBLIC SAFETY

This bill would allow the fingerprinting of juveniles arrested for felony offenses or committed to a juvenile facility upon adjudication for delinquency. Under this legislation, the fingerprints of offenders 14 and older could be taken for comparison with latent (crime scene) prints contained in the Alaska Automated Fingerprint Identification System (AAFIS). The prints of offenders 14 and 15 years old are required to be destroyed after comparison. Prints of offenders 16 and older may be retained in AAFIS.

This bill should have a positive impact on the ability of police to solve cases involving juvenile offenders. A large percentage of theft and burglary offenses are committed by juveniles. Fingerprint evidence is frequently found at the scene of these offenses, but is not matched to any suspect because juveniles are not fingerprinted. AAFIS records indicate that a large number of theft and burglary offenses are cleared when adults are arrested and their fingerprints matched to latents from crimes committed when the offender was a juvenile. Had these persons been fingerprinted as juvenile offenders they could have been identified, clearing additional cases and enabling the court to consider the offender's complete conduct when deciding the disposition of a case.

The Department of Public Safety supports SSSB 358.


Arthur English
Commissioner

POSITION PAPER

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 358

For an act entitled: "An Act relating to the fingerprinting of minors".

This bill would amend existing Alaska Statutes section 47.10.097 (Fingerprinting of Minors) to permit the fingerprinting of minors:

1. by court order for reference and entry into Alaska Automated Fingerprint System, (AAFIS) only on showing of good cause.
2. 14 years of age or older when arrested for an offence that is a felony.
3. 14 years of age or older when adjudicated and committed to a correctional facility for any offense.

BACKGROUND

The present law allows for the fingerprinting of minors under two conditions;

- a. Any minor may be fingerprinted for reference to or entry into AAFIS on order of the Court for good cause shown.
- b. A law enforcement officer may only fingerprint a minor who is 16 years of age or older for reference or entry into AAFIS without a Court order when the minor is convicted of or adjudicated a delinquent for an offence that is a felony.

The practice is that an adjudicated minor who meets the age and offence conditions and is under supervision and resides in a community placement is instructed to report to the Department of Public Safety for the fingerprinting process. Those minors who are committed to department youth facilities are made available to law enforcement for fingerprinting at the facility.

Senate Bill 358
Fingerprinting

Page 2

ANALYSIS

Law enforcement agencies desire access to and use of fingerprint records of minors for current and future investigative purposes. These agencies believe that additional crimes can be cleared by having access to fingerprints of those minors who have a history of arrest.

SSSB358 would loosen the restriction on fingerprinting minors who are in the custody of the department or a law enforcement agency by permitting a law enforcement officer to fingerprint a minor 14 years of age or older who has been merely charged with a felony offense or who has been institutionalized on any offense. The fingerprints of minors under age 16 could be checked only once in AAFIS and then destroyed. The fingerprints of minors 16 years of age or older could be retained indefinitely in AAFIS for subsequent checks. These fingerprints could be retained well after a minor's 18th birthday.

DEPARTMENT POSITION

The Department opposes the broad fingerprinting requirements of this bill since it would subject many arrested juveniles to the fingerprinting process with little likelihood of useful result. Because the arrest charge would be the basis for fingerprinting it is likely that overcharging would occur in the arrest of minors for the purpose of obtaining fingerprints. Such overcharging would burden the department intake offices and legal advisors with unnecessary case analysis. Additionally, such unnecessary action by law enforcement officials would tend to lessen rather than enhance a youthful offender's respect for the law.

Alaska's juvenile justice system is based on achieving short term protection of the public and juveniles through control and long term benefit to society through rehabilitation. Protection and rehabilitation, including accountability, are the desired outcomes, not punishment. To provide an incentive for positive change by youths and to achieve complete rehabilitation the law provides for records of juvenile delinquency to be sealed when minors reach age 18.

Senate Bill 358
Fingerprinting

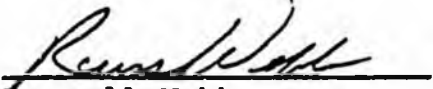
Page 3

This bill would reduce this incentive by retaining fingerprint records of juveniles beyond the time when all other records of delinquency are sealed.

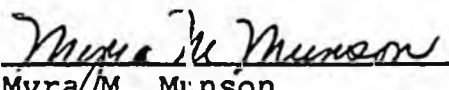
This bill would also result in the collection and retention of the fingerprints of minors who have no record of conviction. And although these records would not be connected to a specific criminal record there is a perceived stigma to having fingerprint records in a criminal justice information system. The general public, lacking specific expertise and information on the collection and retention of law enforcement records, associates fingerprinting with criminal activity. Many professions and organizations have long opposed routine fingerprinting precisely because of the association with criminal activity.

The Department opposes SSSB358 in its current form.

The department could support the bill if SSSB358 were amended to permit the fingerprinting of minors without a court order only in those cases where the minor has been adjudicated for an offense that would be a felony for an adult and if all fingerprints collected from a minor and retained in AAFIS were expunged from the system when the minor reaches age 18.

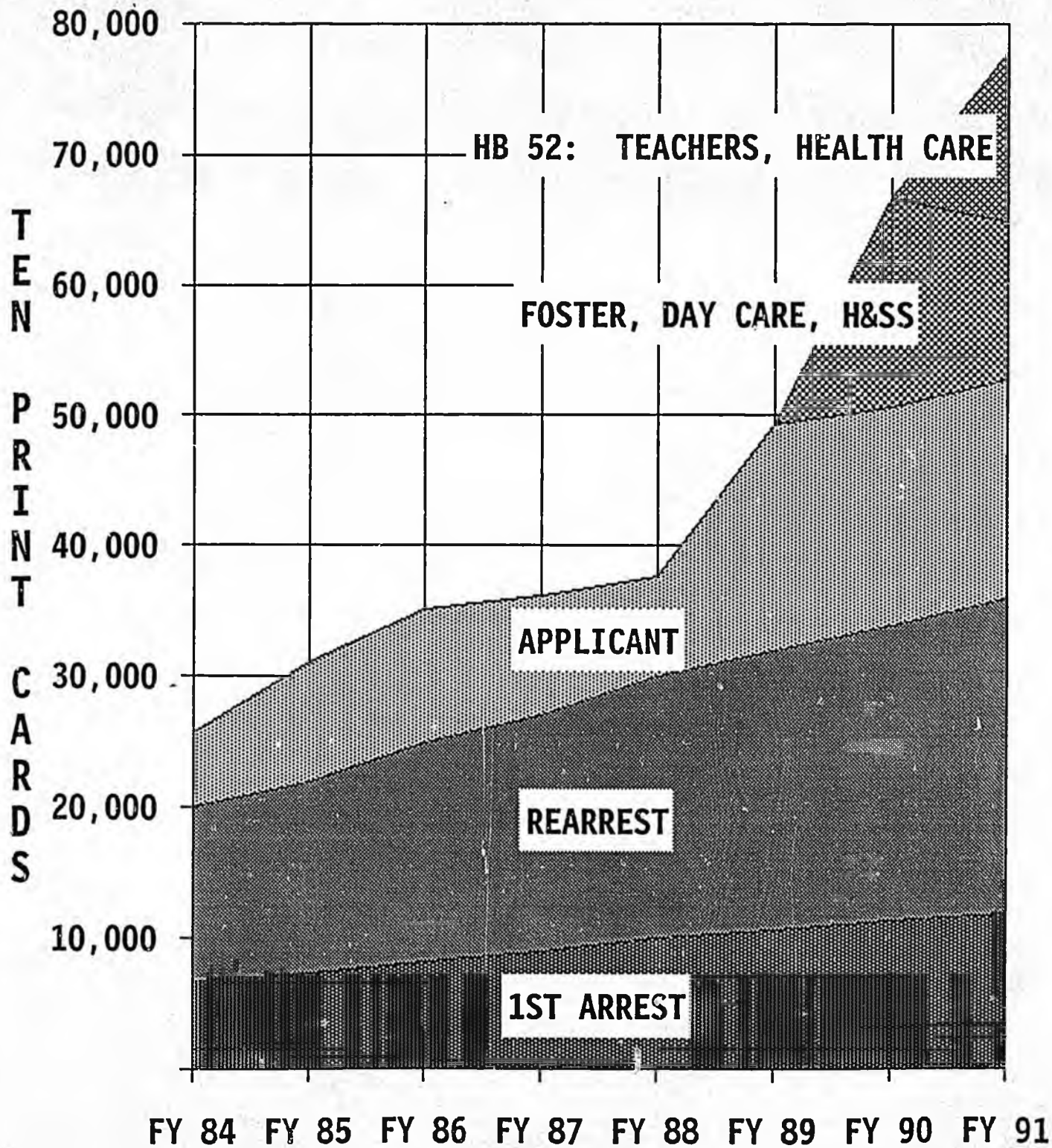


Russell Webb 2/14/90
Director Date
Division of Family and
Youth Services



Myra M. Munson 2/15/90
Commissioner Date
Department of Health and
Social Services

TEN PRINT WORKLOAD PROJECTED THRU FY 91



Alaska Association of Chiefs of Police



Alaska Peace Officers Association, Inc.



Federal Bureau of Investigation National Academy Associates



**Position Statement
from The Law Enforcement Coalition
Concerning Legislative Proposals
before the
Sixteenth Alaska Legislature
January 1990**

JAN 29 1990

FOREWORD

This is the third year that the Coalition, consisting of the Alaska Peace Officers Association, Inc., the Alaska Association of Chiefs of Police, and the F.B.I. National Academy Associates, have jointly identified what we feel are the two top priorities involving legislation affecting public safety statewide.

During the last legislative session the limiting of Municipal liability imposed by the Busby decision was passed into law in the form of SB 66. We feel that was a significant accomplishment and appreciate the support of the Sixteenth Alaska Legislature. We are very satisfied that our concerns were heard by the members who met with us.

The other two priorities listed in our Statement last session were **Indemnification of Government Employees** and **Fingerprinting of Minors**. We feel these two issues are critical as they continue to affect the jobs police officers are able to do for their communities.

We strongly urge that you support these issues. The interests of every citizen in the State is affected. We strive for ever increasing professionalism throughout our ranks and we ask that the legislature continue to support us by passing laws which enable us to better serve the people of Alaska.

There are other bills being introduced this session which we intend to support. Recriminalization of marijuana continues to receive our support and urging. We are working for and will support legislation in favor of conspiracy, retirement reforms for peace officers in various fields, and possession of a deadly weapon during a violation of a domestic violence writ. We anticipate there will be other bills we support and favor and we always look forward to sharing our concerns.

Thank you for your interest. We extend to you an invitation to call or meet with any member of the Executive Boards for the Coalition. The officers are listed at the end of our Statement.

FINGERPRINTING OF MINORS

In 1988, Alaska State Statute 47.10.097 (Fingerprinting of Minors) was passed by the Legislature. This allows an officer to fingerprint a minor who is 16 years of age or older for entry into, or reference to, the Alaska Automated Fingerprint System (hereafter referred to as AAFIS) without a court order if the minor is convicted of, or adjudicated a delinquent for an offense that is a felony. However, we believe that the statute does not go far enough in that it does not allow for fingerprints to be taken, referenced, or entered into the AAFIS without a court order if the minor is only in custody and has not yet been adjudicated or convicted of a crime. This is what we wish to have amended.

Fingerprints are a primary tool for detection in many areas of criminal investigation. We believe, in the case of juveniles, a tremendous psychological deterrent to future criminal conduct. Statistics show that over the last 13 year period, juveniles constituted over 50% of the arrest rate for crimes such as burglary, larceny/theft, motor vehicle theft, and arson.

The "Coalition" believes that the true percentage of juvenile perpetrators is actually much higher. Detection, apprehension, and the rehabilitation process could advance much faster should law enforcement have access to fingerprint files of previously arrested youth between the ages of 14 and 17. We stress the rehabilitation process in this position statement as we strongly believe that the longer a juvenile is allowed to go undetected the more his or her conduct has been reinforced. This would, thereby, substantially diminish rehabilitation into productive adulthood.

The "Coalition" again urges the Legislature to pass into law a statute which would enable law enforcement to solve and prevent more crimes and ultimately better protect our citizens. We urge the Legislature to amend the 1988 statute to include the following:

1. A law enforcement officer may fingerprint and photograph any juvenile 14-17 years of age who has been arrested for any offense for which a person 18 years and older can be arrested, and
2. fingerprints taken from an arrested juvenile may then be entered and stored into AAFIS.

It is important to note that the Supreme Court of Alaska in 1987 removed the provisions governing the restrictions of fingerprinting and the photographing of minors from the "Children's Rules". After this ruling, the Attorney General's office recommended in a letter to the Youth Bureau of the Anchorage Police Department that they should, as a matter of policy, commence fingerprinting and photographing juveniles under the same conditions as for adults. They even included polygraphing arrested juveniles when necessary, however that is not what is of primary concern to us in this position statement.

The Supreme Court had given law enforcement the latitude they needed to protect the victims, as well as create the foundation for rehabilitation of those particular juveniles. We now ask that the Legislature assist in this same vein by considering the above recommendations.

A major concern from detractors of this proposal is that juveniles arrested for various crimes are too young to have realized the consequences of their mistakes. They conclude that by simple virtue of their age they should not then be subjected to fingerprinting and supposedly stigmatized for life. It must be countered that other than to certified law enforcement agencies, there is no access to juvenile files and that even access by other law enforcement agencies is extremely restricted. It is therefore our contention that this particular argument against juvenile fingerprinting is simply unwarranted and not a concern to the juvenile unless he or she becomes an habitual offender.

Unfortunately, it is a sad commentary of our present day society that an increasing number of crimes are being committed by juveniles. However, law enforcement needs to be able to use all the tools at their disposal to address and confront this growing problem and we are asking for your assistance in considering this important proposal.

EXECUTIVE BOARDS FOR THE COALITION

AACP

Mike Daugherty
President
Homer, 235-8113

Duane Udland
Vice President
Anchorage, 786-8552

George Novaky
Secretary
Anchorage, 786-8958

Glen Godfrey
Treasurer
Anchorage, 269-5511

Dan Anslinger
Board Member
Ketchikan, 225-6631

Richard Cummings
Board Member
Fairbanks, 452-1527

APOA

Shirley Warner
President
Anchorage, 786-8851

Dale Florian
Vice President
Fairbanks, 474-7721

Don Otis
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Juneau, 789-2161

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Fairbanks, 452-2114

Greg Russell
Board Member
Anchorage, 262-4455

Greg Hansen
Board Member
Anchorage, 786-8787

Terry Quarton
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Wasilla, 276-3550

FBINAA

Terry McConnaughey
President
Anchorage. 269-5643

Dan Anslinger
Vice President
Southeast Region
225-6631

Glenn Flothe
Vice President
South Central Region
262-4453

Richard Cummings
Vice President
Northern Region
452-1527

Turk Mayfield
Secretary/Treasurer
Willow
495-6413

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
Title: Fingerprinting of Minors BRU: Alaska State Troopers
Sponsor: Senators Fischer & Kelly Component: Detachments
Requestor: Senate Judiciary

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	17.6	17.6	17.6	17.6	17.6	17.6
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	17.6	17.6	17.6	17.6	17.6	17.6

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	17.6	17.6	17.6	17.6	17.6	17.6
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL	17.6	17.6	17.6	17.6	17.6	17.6

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)

This fiscal note is based upon the estimate of having State Troopers fingerprinting 1,500 juveniles per year. Each fingerprinting process will involve approximately 20 minutes for a total of approximately 500 hours per year. This equates to about 3 months of Trooper time statewide. The costs included on the fiscal note are based upon an average State Trooper position cost for three months. This would be a range 76, Step D.

Prepared by: Francis C. Allan Phone: 269-5691
Division: Alaska State Troopers Date: 02/08/90

Approved by Commissioner: Arthur English Date: 2-8-90
Agency: Department of Public Safety Page 1 of 1

Handwritten: 2/8/90

Handwritten signature: Arthur English

S

B

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5

9

SENATE FINANCE COMMITTEE REPORT

DATE: 4/7/90

FURTHER:

DATE TURNED INTO OFFICE: 4/23/90

The Finance Committee considered

SSSB 359

MUNICIPAL ASSISTANCE: OIL RESPONSE FUND

and recommended:

replace with CS SSB 359 (Finance)
 or adopt CS

same title
 new title
 technical title change (HB only)

attached amendment(s)
 letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) Dept/Date:
DC&RA Indeterminate 3/9/90

fiscal note(s) Dept/Date:

zero fiscal note(s) DOR 1/19/90
DOLaw 3/7/90
DOR-Treas 2/1/90
DOR-OfG Audit 3/13/90

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Deane

Paul C. Z...

Paul Gruber
Do Pass (with reduced
Fiscal note)

1. John B. No Rec.
Co-Chairs: Signatures and Recommendations

2. Frank Uelg. (No Rec)

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act concerning authority by BRU: Central Administration
State and its municipalities related to * Administrative Services
 SPONSOR: Szymanski, Adams Components: Municipal Grants
 Requestor: _____

* environmental conservation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
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
LAND & 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
CAPITAL	0	0	0	0	0	0
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)

There currently exists a fund used in making grants to municipalities and village councils for those costs attributed to oil and hazardous substance release response. The fund is administered solely by the Department of Community and Regional Affairs. This bill would create an additional fund, the same in all respects except that its use would be for oil and hazardous substance municipal impact. The new fund would also be administered only by the Department of Community and Regional Affairs. There is not anticipated to be any involvement by the Department of

Administration Municipal Grants Program

Prepared by: Mike Maher Phone: 465-2277

Division: Administrative Services Date: 01/17/90

Approved by Commissioner: Frank S. Baxter Date: 1/19/90

Agency: Department of Administration

Distribution (by preparer):

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

Changes in SSSB 359 (Fin)
 have no fiscal impact.
 This fiscal note is
 appropriate. 4/23/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to municipal assistance: oil spill response fund.
Sponsor: Senator Szymanski
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
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	*	*	*	*	*	*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	*	*	*	*	*	*
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

*Please see attachment.

Prepared by: Jim Plasmán, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: _____

Approved by Commissioner: [Signature] DC, CRA Date: 9/1/90
Agency: Department of Community & Regional Affairs

Distribution (by preparer):

Legislative Finance Changes in CS 99SB 359 (Fin)
Legislative Sponsor have no fiscal impact.
Requestor This fiscal note is
Office of Management and Budget appropriate. 4/23/90 [Signature]
Impacted Agency(ies)

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: CS SS for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

Position Title Local Government Specialist IV		No. of Positions 1	Range/Step 19 A	Barg. Unit XE
Time Status Temporary	Staff Months 12	Location Juneau		Election District
Justification				
<p>This position will be needed to provide technical assistance to local government administrators in determining the extent of local impacts, developing and implementing strategies for community recovery, and applying for the grant monies to carry out these strategies. This position would be temporary and may not be needed for the full 12 months reflected, depending upon community progress. The funding source would be a percent of the total funds available.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary	40.2			
Benefits	13.5			
Premium Pay				
Other				
Total Personal Services		53.7		
Travel		10.0		
Contractual		3.0		
Commodities				
Equipment				
Other				
Total Cost		66.7		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	66.7		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component Training & Development

Page 3 of 5
 Revised Date

FY 91

Position Title Grant Administrator II		No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Temporary	Staff Months 12 Months	Location Anchorage/Juneau		Election District
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	35.0			
Benefits	12.2			
Premium Pay				
Other				
Total Personal Services		47.2		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		47.2		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		47.2		

During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one temporary position to prepare grant/contractual documents will be needed during program activity. This position would be responsible for developing the agreement, reviewing payment requests, monitoring the project until completion, then finally closing out the grant. This position is budgeted here at salary for 12 months funded from the amount designated in the bill. Actual staff months worked depends on extent of disaster.

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 4 of 5
 Revised Date

FY 91

Position Title Accountant II		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status Temp	Staff Months 12 Months	Location Juneau		Election District
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	32.4			
Benefits	11.9			
Premium Pay				
Other				
Total Personal Services		44.3		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		44.3		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		44.3		

An Accountant II will be needed to respond to the increased activity that would be generated by a program of this size. Staff in the fiscal section of DCRA are presently working to capacity due to addition of new and expanded programs in recent years. This position would be temporary during the time of highest fiscal activity. The position is described as 12 months but may be of shorter duration.

This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.

Funding source would be part of a percent of total funds available.

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 5 of 5
 Revised Date

FY 91

**STATE OF ALASKA
1990 LEGISLATIVE SESSION**

BILL VERSION : CSSB 359 (Finance) (c)

PUBLISH DATE : _____

FISCAL NOTE

REQUEST:

Revision Date 4/23/90
 Title: An act concerning municipal
 assistance/oil spill fund
 Sponsor: Senator Szymanski
 Requestor: Senate Finance

Agency Affected: Environ. Conservation
 BRU: Environmental Quality
 Components: Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	115.1	144.0	144.0	144.0	144.0	144.0
TRAVEL	7.5	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	20.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	2.5	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	12.5	15.0	15.0	15.0	15.0	15.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	9.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	157.6	196.0	196.0	196.0	196.0	205.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	157.6	196.0	196.0	196.0	196.0	196.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	157.6	196.0	196.0	196.0	196.0	196.0

POSITIONS:

FULL-TIME	2.0	3.0	3.0	3.0	3.0	3.0
PART-TIME	1.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Lynn Kent
 Division: Environmental Quality

Phone: 465-2630
 Date: 4/23/90

Approved by Commissioner: *a. D. Kelly*
 Agency: Environmental Conservation

Date: 4/23/90

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
ANALYSIS FOR CSSB 359 (Finance) FISCAL NOTE

Section 1-4

Sections 1-4 provide that municipalities exercising extraterritorial jurisdiction be consistent in their actions and ordinances with regional contingency plans for response. This ensures a coordinated effort. To accomplish this, the Department will work with communities on development of any ordinances and will review those that are adopted.

Section 5

Section 5 establishes authority in the Department of Community and Regional Affairs for community assistance grants for secondary social and economic assistance. These grants are funded from the existing Oil and Hazardous Substance Release Response Fund. Up to \$10 million from the Fund may be used for these grants. While there is no direct financial impact on the department's budget from this provision, it reduces the amount available for emergency first response, by either the state or communities, by up to \$10 million.

Section 10

Section 10 requires the department to consult with municipalities in developing agreements with federal agencies on response mechanisms and related topics. This will impose an increased workload upon the department.

Section 13

Section 13 authorizes the Commissioner of Community and Regional Affairs to spend an undefined amount of the Response Fund for "impact assessment." This will also reduce the amount available for emergency first response by the amount devoted to this task.

Section 14

Authorizes the Department to advance funds to communities for emergency first response, as provided in an agreement with the department. It also adds villages to the list of entities that may sign agreements for emergency first response with the department. This will increase the number of parties that may request agreements.

ANALYSIS FOR CSSR 359 (SENATE FINANCE) FISCAL NOTE (PAGE 3 OF 3)

The following positions are needed to carry out these efforts. The Ecologist positions are funded at 6 months and 12 months for the first year and fully funded for subsequent years.

FY 91

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III (6 months)	28.8	2.5	4.0	.5	2.5	38.3
Ecologist III (8 months)	57.7	5.0	8.0	1.0	5.0	76.7
Clerk Typist III	28.6	7.5	8.0	1.0	5.0	42.6
Totals	115.1		20.0	2.5	12.5	157.6

FY 92

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist III	57.7	5.0	8.0	1.0	5.0	76.7
Clerk Typist III	28.6		8.0	1.0	5.0	42.6
Totals	144.0	10.0	24.0	3.0	15.0	196.0

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Assistance: Oil BRU: Treasury
 Response Fund _____ Components: _____
 Sponsor: Szymanski
 Requestor: Senate Oil & Gas

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
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
CAPITAL	0	0	0	0	0	0
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 for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2350
 Date: February 7, 1990
 Date: 2/1/90

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

Changes in CS 99SB 359 (Fin)
 have no fiscal impact.
 This fiscal note is
 appropriate. 4/23/90 [Signature]

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

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2072

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Oil Spill Fund BRU: Oil & Gas Audit Division
 Sponsor: Szymanski, Adams, Zharoff Components: _____
 Requestor: Senate Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	0	See Analysis			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Charles L. Loosdon Phone: 277-5627
 Division: Oil & Gas Audit Division Date: March 12, 1990

Approved by Commissioner: Hugh Malone Date: 3/12/90
 Agency: Department of Revenue

Distribution (by preparer):

Legislative Finance Changes in CS SB 359 (Fin)
 Legislative Sponsor have no fiscal impact.
 Requestor This fiscal note is
 Office of Management and Budget appropriate. 4/23/90 vzw
 Impacted Agency(ies)

CS SS SB 359
Fiscal Note Analysis

The bill leaves the cap under which the \$.05/bbl oil surcharge is levied at \$50 million. The zero revenues shown on the fiscal note show that the cap is unchanged. Collections of the surcharge through December amounted to \$11 million. The balance in the hazardous spill fund was \$32 million effective January 1990. (FY 90 collections were for 11 months of the year.)

The surcharge is directly dependent on oil production. The maximum amount of revenue that could be collected from a \$.05/bbl surcharge, assuming the Department of Revenue Mid Scenario production estimates, is as follows:

TOTAL MAXIMUM REVENUE FROM A \$.05/BARREL SURCHARGE

Fiscal Year	Production * (MM bbl/day)	Revenue (MM \$)	Cumulative Revenue
1990	1.816	26.6	26.6
1991	1.691	27.0	53.6
1992	1.567	25.0	78.6
1993	1.504	24.0	102.6
1994	1.468	23.4	126.1
1995	1.350	21.5	147.6
1996	1.189	19.0	166.6
1997	1.032	16.5	183.1
1998	0.920	14.7	197.8
1999	0.800	12.8	210.6
2000	0.683	10.9	221.5

* Excludes NGLs.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSSB 359 (Oil & Gas) (f)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act... recovery of damages...
state and its municipalities and villages..."
Sponsor: Senate Oil and Gas
Requestor: Senate Oil and Gas

Agency Affected: Department of Law
BRU: Legal Services

Components: Operations

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						
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
 Division: Administrative Services Date: March 7, 1990
 Approved by Commissioner: Richard I. Pegues / FOR /
Douglas B. Baily, Attorney General Date: March 7, 1990
 Agency: Department of Law

Distribution (by preparer):

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

Changes in CG 335B 359 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 4/23/90

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 359 (Oil and Gas)

The committee substitute for SB 359 amends AS 29 to provide for a state assistance grant program for municipalities and villages, from the oil and hazardous substance release response fund, for the containment and cleanup of oil and hazardous substance spills. Although the Department of Law may be involved in providing legal advice to the Departments of Community and Regional Affairs and Environmental Conservation, in respect to implementing the bills provisions, the department would not ordinarily be involved in the assistance program and fiscal note funds are therefore not required.