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HJ :

MISCELLANEOUS

NO .

1

85

1973-1974

HOUSE JUDICIARY COMMITTEE

LIST OF FILES (PAGE 1)

MISCELLANEOUS NO. 1

MISCELLANEOUS NO. 2

HB 411

CONFLICT OF INTEREST

IMMUNITY OF HOSPITAL REVIEW COMMITTEE

LAW AND ORDER PACKET

LEGAL INSURANCE

MOTOR VEHICLE INSURANCE

NATIONAL OCEANIC AND ATMOSPHERIC  
ADMINISTRATION

TRAFFIC OFFENSES

RELEVANT INFORMATION ON BILLS

Misc. No 1

R. E. ROBERTSON (1885-1961)  
M. E. MONAGLE OF COUNSEL  
F. O. EASTAUGH  
J. B. BRADLEY  
W. G. RUDDY  
L. B. JACOBSON  
R. B. BAKER  
M. T. THOMAS  
  
W. F. BRATTAIN II  
J. F. CLARK

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY  
ATTORNEYS AT LAW  
P. O. BOX 1211  
JUNEAU, ALASKA 99801

C.S.H.B. 543  
200 NATIONAL BANK OF ALASKA BLDG.  
PHONE 586-3340  
CABLE ADDRESS: ROMEA

March 28, 1974

Representative Clem Tillion  
Alaska Legislature  
HOUSE OF REPRESENTATIVES  
Juneau, Alaska 99801

Re: C.S.H.B. 543

Dear Representative Tillion:

The subject bill in the substitute form approved by House Commerce passed to your Judiciary Committee on March 22.

The purpose of this letter is to invite your attention to Sec. 2 of the substitute bill. In the original bill, this constituted a flat repealer of all of the language in A.S. 45.50.481(1). The committee substitute would, instead, amend that section, so that it would read in context as follows:

"Nothing in this chapter, relating to unfair trade practices and consumer protection, applies to (1) an act or transaction permitted under laws administered by the state, by any regulatory board or commission, or officer acting under statutory authority of the state or of the United States, unless the law permitting the act or transaction does not prohibit the practices declared unlawful in Sec. 471 of this chapter."  
(Emphasis Added)

Sec. 481(1), as presently in effect before the proposed amendment, is somewhat ambiguous and troubling, because of the word "permitted." Statutes do not normally permit specific trade practices. They regulate such practices,

Representative Clem Tillion  
Re: C.S.H.B. 543  
March 28, 1974  
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normally by prohibiting specific acts, and by setting up investigatory and enforcement procedures. If by "permitted," the present Sec. 481(1) means "affirmatively and specifically declared permitted," then the section as a whole has no effect. This is because few, if any, acts are "permitted" by other statutes, in that limited sense.

If "permitted" in the present section means "not prohibited," then there remain serious problems. The effect of that reading would be to exempt from the operation of the Consumer Fraud Statute, all acts or transactions which are subject to state or federal statute or regulation, which statutes and regulations do not for some reason prohibit the particular act in question. Many state regulatory regimes, however, are presently in a development stage, and may not effectively prohibit or regulate all of the trade practices which should be covered by such statutes and regulations. The result would be that questionable practices would not come under the effective scrutiny of any agency. There is an additional problem as well. The language could be read to exclude from state regulation, any act or practice which fell within the ambit of any federal regulatory agency, such as the Federal Trade Commission. A senior attorney for the Federal Trade Commission, testifying before the House Commerce Committee, expressed concern as to exactly that possibility. Obviously, the Federal Trade Commission could not, and should not, exercise exclusive jurisdiction over all fraudulent practices which could be the subject of that agency's investigation.

As I stated earlier, we do not believe that the language added to Sec. 481(1) by the House Commerce Committee, effectively eliminates the problems above described. In fact, the added language is confusing and probably internally inconsistent. It speaks of state or federal laws which permit an act or transaction, without prohibiting practices declared unlawful by the operative section of the Consumer Fraud Statute. Presumably, then, the section in some way contemplates that a practice could be permitted by a statute that also prohibits it.

Representative Clem Tillion  
Re: C.S.H.B. 543  
March 28, 1974  
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The intention of Sec. 481 was undoubtedly to avoid the undesirable effects of overlapping regulation of industries already effectively regulated. For example, the Insurance Code, in its Chapter 36, deals extensively with trade practices and frauds in the field of insurance, and prohibits such practices as "twisting," misrepresentation, false advertising and the like. Furthermore, Chapter 6 of the Code outlines the extensive powers of the Director to regulate the business of insurance in the public interest, and these powers, including the subpoena power, track very closely with the powers given the Attorney General in C.S.H.B. 543. The Attorney General has informally confirmed that he has no objection to a provision excepting the insurance industry from this more general Consumer Fraud Statute.

It is, thus, our recommendation that Sec. 481(1) either be rewritten to except "acts, transactions, or practices regulated under A.S. 21.36," or that the present language be amended to substitute the word "regulated" for the word "permitted," so that the section would read:

"(1) an act or transaction regulated under laws administered by the state, by any regulatory board or commission, or officer acting under statutory authority of the state or of the United States."

The first, or "rifle-shot," approach would specifically remove the regulation of the insurance industry from the Consumer Protection Division of the Attorney General's office, leaving that regulatory power over insurance with the Director of Insurance. We think this would be an appropriate result, eliminating duplication of government effort and the imposition of requiring the closely regulated insurance industry to meet two levels of regulatory authority. The second alternative would also remove matters regulated under Title 21 from the Consumer Protection Statute's ambit, but would likewise remove an indeterminate number of other regulated industries, and

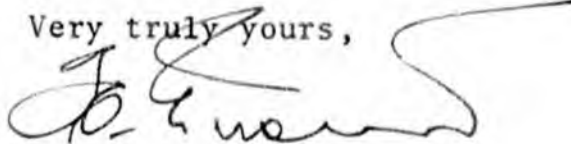
Representative Clem Tillion  
Re: C.S.H.B. 543  
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would not solve the problem of overlapping state and federal jurisdiction.

We would be pleased to present any other information or discussion that you might feel helpful, and would appreciate very much being apprised of any planned hearings on the bill.

Very truly yours,



F. O. Eastaugh

cc: Mr. Norman Gorsuch  
Representative Richard Randolph  
American Insurance Association

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 15, 1974

POUCH K--STATE CAPITOL  
JUNEAU 99801

HB-543

The Honorable Clem V. Tillion  
Chairman  
House Judiciary Committee  
Pouch V  
Juneau, Alaska 99801

Dear Mr. Tillion:

The purpose of this letter is to provide you with a brief statement of the reasons behind the repeal of AS 45.50.521(a), as proposed in HB 543, Amendments to the Unfair Trade Practices and Consumer Protection Act.

This provision concerns the inability of the Consumer Protection Section to turn over evidence of criminality to the District Attorney for utilization in a criminal prosecution. Only AS 45.50.521(a), not (b), is sought to be repealed. Basically, what has occurred on many occasions is that we can secure evidence through our investigators of criminal activity and actually build up a file but are prevented by this statute in turning it over to the District Attorney for criminal action. The most that the office can do is actually tell the District Attorney that there has been a commission of a crime by a person. Under the present provision, the District Attorney must duplicate the entire work of the Consumer Protection Section and obtain its own evidence.

Such a provision flies in the face of all reasonableness and efficiency between Department of Law sections. As you are aware, the Civil Division of the Attorney General's office does not handle criminal actions; this is done by the District Attorney. A free flow of information between the District Attorney's office, State Troopers and the Consumer Protection Section would greatly enhance the effectiveness of the Unfair Trade Practices Act as well as definitely be a greater protection to both the consumer and the business community.

If you have need of any further information on any of the proposed Amendments to the present Unfair Trade Practices and Consumer Protection Act, you may contact Terry O'Connell, Consumer Protection Section in Juneau at 465-3600, or Stanley Howitt, Consumer Protection Section in Anchorage, at 279-0428.

The Honorable Clem V. Tillion  
Chairman

March 15, 1974

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I hope that this information will be of some assistance to you in this matter.

Sincerely,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By *James E. Douglas*  
James E. Douglas  
Assistant Attorney General  
Consumer Protection Section

JED:jdg



# KENAI PENINSULA COMMUNITY COLLEGE

of the University of Alaska In cooperation with the Kenai Peninsula Borough School District  
DEPARTMENT OF VOCATIONAL EDUCATION

P. O. BOX 657 \* KENAI, ALASKA 99611

February 11, 1974

The Honorable Clem Tillion  
Alaska State House Of Representatives  
Pouch "V" State Capitol Building  
Juneau, Alaska 99801

Dear Clem:

The Kenai Peninsula Community College Advisory Board would like to submit the following figures which we feel fully justifies a Phase III addition to the Kenai Peninsula Community College campus complex. We feel the Kenai Peninsula Community College Advisory Board is fully justified at this time to make this request since both the University of Alaska planning office figures (see attachment #1) and those projections submitted to the University of Alaska Board of Regents by the Kenai Peninsula Community College staff during their meeting of December 13, 1973, substantiate the need for additional space.

1. Additional space needs for the Community College programs through 1976 are the following:

<u>Number of Units</u>	<u>Type of Space</u>	<u>Square Footage each</u>	<u>Total Square Ft.</u>
a. 4	Lecture Rooms	900	3,600
b. 8	Faculty Offices	100	800
c. 1	Wet Lab-Art & Arts & Crafts Center	1,500	1,500
d. 1	Administrative Area	1,500	1,500
e. 1	Library & Media Center	2,400	2,400
f. 1	Bookstore	800	800
g. 1	Store Room	800	800
h. 1	Shop Addition	2,000	2,000
TOTAL			13,400

2. Estimated cost of that space recommended above:

ITEMS a,b,c,d,e,f,g - 11,400 Sq. Ft. @ \$75.00 per Sq. Ft. =	\$ 855,000.00
ITEM h----- 2,000 Sq. Ft. @ 60.00 per Sq. Ft. =	120,000.00
20% Escalation Cost	105,000.00
*Equipment Cost	180,000.00
TOTAL	\$1,350,000.00

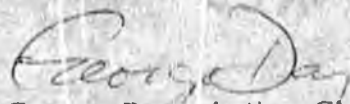
\*The \$180,000.00 equipment cost will cover the completion of a Biology Lab, in Phase I; installation of a separate collection system to handle

the waste from the Chemistry, Petroleum and Water/Waste Water Lab, equipment for the Arts & Crafts area; library stacks and furniture, and classroom furniture.

3. The fulltime student enrollment at Kenai Peninsula Community College fall semester 1973 was 120 F.T.E. and as you can see on Attachment #1, this enrollment coincides with those figures published by the University planning office in October, 1973.

Please note enrollment projection attachment that shows Kenai Peninsula Community College's 1973-74 credit hour projection of 1,784 credit hours. The College has already exceeded that figure and presently estimates approximately 2,000 credit hours will be generated.

Respectfully submitted,



George Day, Acting Chairman  
Kenai Peninsula Community College  
Citizens Advisory Committee

GD/be

cc: Hugh Malone  
Bob Falmer  
Jalmar Kertula  
Cliff Groh  
Oral Freeman  
Keith Specking  
Office of Planning and Institutional Studies  
Provost, Southcentral Region

Testimony Before House Commerce Committee

February 17, 1973

House Bill 187, introduced by the Rules Committee by request of the Governor, represents the best efforts of various departments and agencies of the State over a period of two years to create an efficient and equitable system of compensation for injury arising out of automobile accidents. To this end, it constitutes a refinement of the better elements contained within a number of proposals that received attention in prior sessions of the Legislature, most particularly Committee Substitute for House Bill 464 which was passed in the House during the last session.

The Administration is persuaded that there is a clear and present need for reform in the present system of compensation. Experience has shown that the present liability system has all too often been inefficient, inequitable, wasteful and a significant contributing factor in congested court dockets. Liability insurance, as it is presently conceived and administered, guarantees only that an injured party in a motor vehicle accident has a possibility of some compensation. Even when there is compensation, however, nothing can be guaranteed as to its adequacy.

The following major categories of criticism of the present system of compensation have been identified by the Institute for the Future in a report entitled "The Automobile Insurance System: Current Status and Some Proposed Revisions":

- \* There is excessive delay in payment of claims.
- \* Many victims are not compensated.
- \* Claim settlements are inequitable with respect to economic loss.
- \* Net benefits paid to claimants (per premium \$) are low in comparison with other reparation systems.
- \* The present automobile insurance system contributes significantly to court congestion.
- \* Adequate insurance is not available for many.
- \* Fault is difficult to determine.
- \* Insurance costs are excessive.
- \* It encourages exaggeration of claims.
- \* It encourages fraud.
- \* The insured is highly uncertain as to the amount of benefits to be received and the delay time involved.
- \* The rate classification system is unfair.
- \* It is difficult to project claims.

We concur in these conclusions and observations.

House Bill 187 addresses itself to these criticisms and provides a basis for enacting and administering a comprehensive system of compensation for victims of automobile accidents. To a large extent, economic loss which accrues as the result of a motor vehicle accident will be compensated without regard to fault through first-party insurance coverage. Tort liability for such loss is abolished. House Bill 187 does not exclude the possibility of tort recovery entirely. On the contrary, it attempts to limit that possibility to those parties with a legitimate interest in recovery beyond the system of basic first-party benefits.

The insurance system established in the bill is a compulsory system. Every owner of a motor vehicle registered in this State or permissively operated in this State, including the State, its public agencies and political subdivisions, will be required to maintain security for the payment of basic loss, or no fault, benefits and tort liabilities. The minimum required security for tort liability is \$15,000 per person per accident with a \$30,000 total aggregate limit per accident and \$10,000 per accident for property damage.

Basic loss benefits are payable without regard to fault for net economic loss suffered through injury arising out of the maintenance or use of a motor vehicle, subject to certain limits, deductibles, exclusions, disqualifications and other conditions provided for in the bill. Essentially, basic loss benefits will compensate for:

- 1) allowable medical expenses up to \$50,000;
- 2) work loss, replacement services loss, survivor's economic loss and survivor's replacement services loss up to an aggregate total of \$36,000 at a maximum rate of \$250 per calendar week; and
- 3) funeral, cremation and burial expenses up to \$1,500.

Basic loss insurers will also be required to offer, with appropriate premium reductions, certain specified optional deductions and exclusions from basic loss benefits, among which is a deductible of \$1,000 per accident from all basic loss

benefits otherwise payable for injury to a person which occurs while he is operating or is a passenger on a two-wheeled motor vehicle.

Insurers may also make available a range of optional coverages for added loss benefits and for harm to vehicles and their contents.

Damage to motor vehicles or their contents arising out of motor vehicle accidents will no longer be compensable through the fault system. However, basic loss insurers are required under the bill to offer a number of alternative forms of first-party collision coverage, both in full and subject to a deductible of \$100.

The modification of tort law present in this bill is in the form of an exemption from certain types of tort liability. Liability remains, for example, for noneconomic detriment in excess of \$5,000 where the injury is of a specified type; for allowable medical expenses in excess of that compensated for through basic loss benefits; and for work loss, replacement services loss, survivor's economic loss and survivor's replacement services loss which are not recoverable through basic loss benefits after the injured person has been disabled for more than six months or after his death. Automobile manufacturers, repair shops, parking garages and railroads all remain potentially liable in tort when they are involved in motor vehicle accidents.

There are various provisions in the bill designed to achieve maximum compliance with the requirement that security be provided through insurance or self-insurance.

Provision is also made for the administrative regulation of the terms and conditions of insurance policies.

Uninsured claims are provided for through an assigned claims plan. All insurers and self-insurers in the State would be required to participate in the plan and pay claims assigned to them on an equitable basis.

The bill applies to any motor vehicle accident occurring within this State without regard to where any involved vehicle is registered. Any motor vehicle liability insurance policy, including one issued elsewhere, is converted by law into a basic loss insurance policy while the insured vehicle is in this State. Benefits provided through basic loss insurance are applicable to injuries occurring outside the State to an insured and members of his family and to any occupant of an insured vehicle.

With respect to collateral benefits, basic loss insurance is primary as to all other benefits with the exception of social security and workmen's compensation. Subject to the approval of the director of insurance, however, basic loss insurers may offer an optional exclusion of any additional benefits.

The bill also provides for reallocation of loss incurred among insurers on the basis of the injury-causing potential of different kinds of vehicles.

Other provisions relate to an insurer's rights of reimbursement and subrogation, prompt payment of benefits, availability of insurance through an assigned risk plan, and terminations, cancellations or nonrenewals of insurance.



# United States Department of the Interior

BUREAU OF MINES  
LIAISON OFFICE - ALASKA  
Room G-81, Federal Building  
Anchorage, Alaska 99501

H3-240

March 1, 1973

Honorable Clem Tillion, Chairman  
House Judiciary Committee  
Alaska State House of Representatives  
Juneau, Alaska 99801

Dear Sir:

I am writing in regards to House Bill No. 240 (Hartig, Miller, Urion) titled "An Act Relating to Architecture, Engineering and Land Surveying; and Providing For an Effective Date". Ammendments to Section 1 AS 08.48.11(b), Section 2 AS 08.48.021(b), Section 3 AS 08.48.031 and Section 08.48.031 will broaden the disciplines of the Board by including a Petroleum Engineer. Previously mining, civil, and other professional engineering disciplines, land surveyors and architects were represented on the Board, Petroleum Engineering was omitted. The petroleum industry has become a major component of Alaska's professional community and should be represented on the Board. As Bureau of Mines Liaison Officer and Society of Petroleum Engineers Secretary-Treasurer, I heartily endorse House Bill No. 240 and urge you, as Chairman of the House Judiciary Committee, to take favorable and immediate action to approve this Bill for enactment into Law.

Sincerely yours,

Alfred L. Service  
Bureau of Mines  
Liaison Officer

cc: C. Champion

February 27, 1973

The Honorable William A. Egan  
Governor, State of Alaska  
Pouch A  
Juneau, Alaska 99801

HB-243  
Collective Bargaining

Dear Governor Egan:

It is my right as a loyal State employee to strongly urge you and the State Legislature to stop and think about the implication of a proposed compulsory union. All people in Alaska seek some type of freedom, such as it is, to pursue an equal footing with everyone else, including friends, acquaintances or someone newly arrived from the South 49 and elsewhere.

I do not think that anyone wants to be forced into non-existent union. It is my right and the rights of others to come forward and say yes or no on this subject. The rights of anyone should not be destroyed by unions or any other form of regulations contrary to the United States and the Alaska Constitution, contrary even to the mythical belief that the more you make, the better off you are. I think that this proposed compulsory union is undemocratic, undesirable, illegal and, most of all, it is definitely expensive. These costs, incidentally, are borne by each taxpayer in Alaska, as well as those in other States. We are rapidly changing from a country of the people to a country run by unions. This is fact not an opinion. Therefore, it is my right to say no. I said no to the Labor Relations Board which was ignored. Why was that?

Any group intending to set up compulsory unions is falsely misrepresenting each and every member, whether or not they choose to join, besides taking away the rights of everyone.

Another point I would like to make is that Federal Civil Service employees (white collar workers) are not compelled to join any union either to procure a job, remain employed, have the right to say yes or no on health insurance and other fringe benefits. Furthermore, the Hatch Act forbids striking. It is my understanding that the Alaska State Employment System is patterned in many ways to the Federal Civil Service. I ask you why should we be different?

The United States, including Alaska, is rapidly becoming a socialistic nation with both Alaska and the South 49 saddled with higher wages and, therefore, higher taxes, I ask you for whom. It is pure irony to shrug it off with the explanation that we are so much better off because we are so much richer. Hogwash! The people are like spawning salmon in that salmon, like people, are heading one way. It is indeed fishy!

Governor William A. Egan  
Re: Compulsory Unions  
Page two  
February 27, 1973

I again urge you, Governor Egan, to quickly reverse this action  
as no State employee should ever be forced to join a union.

A copy of this letter will be transmitted to each member of the  
State Legislature and other pertinent people.

Sincerely,

*John M. Salit*

John M. Salit  
6511-Imlach Way  
Anchorage, Alaska 99502

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE ALASKA PUBLIC UTILITIES COMMISSION

WILLIAM A. EGAN, GOVERNOR

1100 MACKAY BUILDING  
338 DENALI STREET — ANCHORAGE 99501

March 6, 1973

HB-239

Representative Clem V. Tillion  
Chairman-House Judiciary Committee  
Alaska State Legislature  
Pouch "V"  
Juneau, Alaska 99801

Re: House Bill 239, Entitled "An Act  
Relating to Public Utility Deposits"

Dear Representative Tillion:

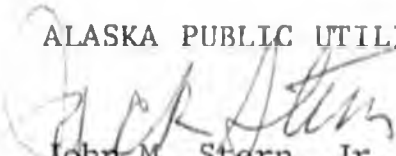
We are enclosing herewith a copy of a communication from APUC to the Commissioner of Commerce relative to the above bill in the event that our comments have not been transmitted to you.

We feel that this bill should not be passed in its present form since it is doubtful that it accomplishes the purpose for which it is intended. Presumably, the legislation has been placed as an amendment to AS 42.30 to include all utilities including municipal utilities, which may be exempted from regulation under AS 42.05. Yet, the annotations in AS 42.30 indicate that that section does not apply to municipalities. Therefore, if you wish to include municipalities, they should be included in AS 42.05 with an appropriate notation in AS 42.05.711(b).

The better course of action would be to wait for the current investigation by the APUC of the entire utility deposit requirements. It may well be that the law would be moot because I can assure you that this Commission is not going to allow the continuation of deposits for good credit risks.

Sincerely,

ALASKA PUBLIC UTILITIES COMMISSION

  
John M. Stern, Jr.  
Chairman

JMS:ljm  
Enclosure

# MEMORANDUM

TO:  Kenneth W. Kadow, Commissioner  
Department of Commerce  
Pouch "D"  
Juneau, Alaska 99801

DATE:

February 22, 1973

FROM: John M. Stern, Jr., Chairman  
Alaska Public Utilities Comm.

SUBJECT:

Comments on HB 239, En-  
titled "An Act Relating  
to Public Utility Deposits"

It is ridiculous to place this legislation in a section of the statutes apart from the Alaska Public Utilities Commission Act. AS 42.30 is a rather archaic law pertaining to public utilities.

Section AS 42.30 does not define specifically a "public utility" although I note with interest that the label "public utility" in the proposed amendment would cover public utilities regulated under AS 42.05. In other words, the term "public utility" as used in AS 42.30 presumably would be defined in AS 42.05. This immediately raises the question of what public utilities would be covered inasmuch as municipal utilities are exempt from most provisions of AS 42.05. If the authors of this bill intended to have a deposit exemption uniformly apply to all public utilities in the State, there should be some attempt to remove the ambiguity involving municipally owned utilities.

Another loop hole in this amendment would involve public utilities grossing less than \$25,000 which are not regulated under AS 42.05.

Note that the Department of Commerce is designated as the administrative agency for this amendment. Will this now require a public utilities section in the Department of Commerce which will possibly duplicate some of the services which should properly be handled by the Alaska Public Utilities Commission? The Commission is involved in rates, deposits and other tariff provisions on a daily basis and should be the proper agency to administer this bill.

The APUC is presently undertaking a staff analysis of all utility deposit requirements and wishes to propose standard utility rules and regulations in this regard. Hopefully, these will be ready within sixty days and hearings will be held thereon. The better way to handle this entire problem would be to not pass this bill, but to defer consideration of this subject pending hearings by APUC on these proposed new regulations. APUC will make the matter of exemptions for the elderly a subject of the hearings. In other words, I think that we will solve the problem without the need for this legislation in that if a person is a good credit risk, I promise that our new rules and regulations will not require deposits from customers.

In summary, it appears that there are loon holes involving municipally owned utilities and utilities grossing less than \$25,000. This amendment should be rewritten and placed in AS 42.05 where the Commission could properly enforce it. However, it is our position that the act should not be passed in any form and that the matter should be studied by the APUC as presently contemplated by us.

JMS:ljm

# sperry-sun



HB-240

POST OFFICE BOX 6207 ANCHORAGE, ALASKA 99502 (907) 277-7992  
March 2, 1973

J. A. Fouché  
President

Honorable Clem Tillion, Chairman  
House Judiciary Committee  
Alaska State House of Representatives  
Juneau, Alaska 99801

Dear Sir:

I am writing in regards to House Bill No. 240 (Hartig, Miller, Urion) titled "An Act Relating to Architecture, Engineering and Land Surveying; and Providing For an Effective Date". Ammendments to Section 1 AS 08.48.031 and Section 08.48.031 will broaden the disciplines of the Board by including a Petroleum Engineer. Previously mining, civil, and other professional engineering disciplines, land surveyors and architects were represented on the Board, Petroleum Engineering was omitted. The petroleum industry has become a major component of Alaska's professional community and should be represented on the Board.

As District Manager of Sperry-Sun, Inc., Alaskan operation I feel this bill should meet with favorable approval of present Professional Engineering groups. To have a Professional Petroleum Engineer on this Board will be of benefit to the people of Alaska. I urge your backing and immediate action to approve this Bill for enactment into Law.

Sincerely yours,

Ted J. Ashby  
District Manager

cc: Chuck Champion

Alaska Chapter  
The Wildlife Society  
P. O. Box 80746  
College, Alaska 99701

SB-182

March 23, 1973

Mr. Clem Tillion  
Chairman, House Judiciary Committee  
Alaska State Legislature  
Juneau, AK 99801

Dear Mr. Tillion:

We represent the Alaska Chapter of the Wildlife Society composed of professional biologists employed by Federal, State, and local governments and private organizations. The Alaska Chapter is affiliated with the national Wildlife Society with headquarters in Washington, D. C. A major purpose of our group is to encourage sound management practices which would benefit Alaska's fish and wildlife and its people.

We are concerned about SB 182, a bill which would result in establishment of exclusive use subsistence hunting and fishing zones around rural villages. We recognize the necessity of the harvest of fish and wildlife for subsistence purposes. SB 182, however, is not needed to provide for subsistence use. In fact, we wonder if exclusive use zones for special groups are in the best interest of the people of the State as a whole.

At present, the Board of Fish and Game, after receiving information from the public and professional Fish and Game Department staff members, has the authority to set regulations which accommodate subsistence needs. We would like to emphasize that the public, through advisory committees, other organizations and as individuals, has a major involvement in setting fish and game regulations.

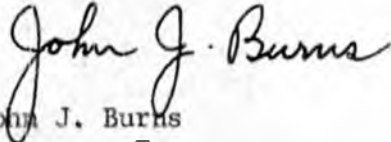
We believe that under present authorities, the Board of Fish and Game has demonstrated an ability to provide for subsistence use. Caribou may be taken year around and without limit and the meat sold or bartered in areas north of the Yukon River. Moose seasons in rural areas are long, and in some cases, allow individuals more than one animal per year. Before the Marine Mammal Protection Act of 1972 stopped sport hunting of polar bears and walrus, regulations were much more liberal for subsistence hunters than for sport hunters. Restrictions on use of aircraft for hunting have benefited subsistence hunters, and this type of regulation can be more effectively used in the future. We recognize that conflicts will develop in the future between subsistence and recreation-oriented users, but, based on past actions, we believe that conflicts can be resolved without establishing exclusive use zones.

Mr. Clem Tillion  
Page 2  
March 23, 1973

The position of the Fish and Game Commissioner must, to a certain extent, be political. We recognize this, but feel that SB 182, which would require the Commissioner to make decisions relating to exclusive use for special groups of people, would subject his position to political pressures far in excess of what is desirable. The Commissioner's position needs stability and decisions must be based on objective analysis, rather than instability brought about by extreme pressures.

We believe the bill does not define, clearly enough, the criteria of eligibility for receiving subsistence permits.

Respectfully,



John J. Burns  
Secretary-Treasurer  
P.O. Box 80746  
College, Alaska 99701

Executive Board

Jack W. Lentfer  
President

James E. Hemming  
Vice President

For the Executive Board

cc: Governor William A. Egan  
John Sackett, Chairman  
Senate Resources Committee  
Oscar Dyson, Chairman  
Board of Fish & Game  
James W. Brooks, Commissioner  
Department of Fish & Game

John J. Burns  
Secretary-Treasurer

Richard H. Bishop  
Regional Representative

Dan Timm  
Regional Representative

Alaska Chapter  
The Wildlife Society  
P.O. Box 80746  
College, Alaska 99701

March 23, 1973

Mr. Clem Tillion  
Chairman, House Judiciary Committee  
Alaska State Legislature  
Juneau, AK 99801

Dear Mr. Tillion:

The Alaska Chapter of the Wildlife Society includes among its members the majority of active wildlife management and research personnel within the State of Alaska. Our members represent a cross section of state and federal employees, as well as people representing several private organizations. We are keenly aware of the various forces influencing decisions concerning renewable resources, at various levels of the state and federal governments and how some of these decisions have affected the resources involved, and their conservation.

We have carefully reviewed HB 204, "An act relating to the hunting of antlerless moose," introduced by Representative Tillion. In our opinion, such a bill has several serious faults.

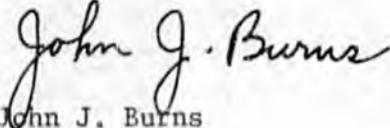
We are concerned about the possibility of establishing statutory regulations affecting use of natural resources on the basis of political considerations, rather than by means of the presently existing system which considers a broad array of factors including species productivity and regional human welfare. In the present system, the actual resource users do influence both regulation and policy via individual and collective input to the Board of Fish and Game and the Commissioner.

Recommendations and proposals based on scientific facts, obtained by professionally trained scientists, are important components of effective management. The necessary input of biological data could be completely overlooked in the proposed general ballot process.

Mr. Clem Tillion  
Page 2  
March 23, 1973

Additionally, numerous past experiences indicate that popularity at any given point in time does not insure (or even provide for) an effective resource management program. How would effective management of the Cook Inlet or Bristol Bay fisheries be achieved on the basis of local popular vote?

Respectfully,



John J. Burns  
Secretary-Treasurer  
P.O. Box 80746  
College, Alaska 99701

For the Executive Board

cc: Governor William A. Egan  
John Sackett, Chairman  
Senate Resources Committee  
Oscar Dyson, Chairman  
Board of Fish & Game  
James W. Brooks, Commissioner  
Department of Fish & Game

Executive Board

Jack W. Lentfer  
President

James E. Henning  
Vice President

John J. Burns  
Secretary-Treasurer

Richard H. Bishop  
Regional Representative

Dan Timm  
Regional Representative

PROSPECT HEIGHTS ASSOCIATION, INC.

AN ALASKA NON-PROFIT CORPORATION  
SUITE 1, 825 WEST EIGHTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 279-2411

March 14, 1973

Rep. Clem Tillion  
Pouch V  
Juneau, AK 99801

Re: House Concurrent Resolution No. 3

Dear Rep. Tillion:

It has come to our attention that the above resolution has been introduced, and we finally got a copy today.

There are several misconceptions in the middle of the "whereas" paragraphs.

First, there are no existing service roads and trails in the state parks which are closed. There is no area of any park at all that is closed to the public.

There are some areas of some parks that are closed to vehicle access. Principally this is the City of Anchorage/ Greater Anchorage Area Borough Ship and Campbell Creek Watershed. This area is fully open to public recreation; indeed, thousands make use of it. The entire public is free to use it. This area has been legally closed to motorized vehicles since 1965, and it is just the recent enforcement given that rule that has excited a vocal minority.

The action the Park people have taken to reinforce the "Watershed" classification is to be applauded, not condemned. The damage done to ground cover, and the danger of siltation, was becoming extreme prior to their action in 1971. Some recovery of the watershed was visible by the time snow fell this fall.

We hope the House will not take action in this resolution. Doubtless its proponents mean well, but it seems that they must have been misinformed. Surely, the recreationist who wants to get away from the urban mechanical scene is entitled to have some area set aside for people only.

PROSPECT HEIGHTS ASSOCIATION

By   
E. G. Burton, Secretary

# ALASKA HISTORICAL SOCIETY

BOX 80687  
COLLEGE, ALASKA 99701

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## PAST PRESIDENTS

O. THOMAS BEIRNE 1967  
DR. ROBERT A. FREDERICK 1968  
GEORGE A. HALL 1969-70  
RICHARD MONTAGUE 1971

March 21, 1973

Clem V. Tillion, Alaska State Legislature  
Pouch V, Juneau, Alaska 99801

Dear Clem:

As a member of Alaska's Historic Sites Advisory Committee, I am shocked that the House version of the Budget has completely eliminated Alaska's Historic Preservation Program which to date has made such remarkable progress. Championed by Governors Hickel, Miller, and Egan, Alaskan Legislators passed the Antiquities Acts of 1966, 1968, and the Historic Preservation Act of 1971. These measures have qualified Alaska to receive to date \$199,463 for an investment of \$46,400 of State funds. This is a return of \$4.29 in federal money for each state dollar appropriated to the statewide planning and survey program. In addition (see attached), these monies have been used in preservation projects in Alaska. Failure to appropriate the requested \$24,200 in State funds for historic preservation will mean a loss of over \$170,000 in Federal funds. It will also kill the program.

The intent of historic preservation is not the Great Land's economic stagnation. It is not anti-development or anti-pipeline. The Alaska Historical Society and its 43 affiliated Local Societies and Museums are committed to progress and preservation. Historic restoration and preservation in Alaska's cities, towns, and villages will prove an economic boon for Alaskans. Such properties generate local and tourist dollars in a variety of ways. Moreover, they provide tangible evidence of Alaska's Past and an inspiration to its study and appreciation.

Alaska's Constitution (Art. VIII, Sec. 7) holds the Legislature responsible to "provide for the acquisition of sites, objects, and areas of natural beauty or of historic, cultural, recreational, or scientific value." And to "reserve them from the public domain and provide for their administration and preservation for the use, enjoyment, and welfare of the people." Former Legislatures have provided the legislation and the funds to implement this responsibility. Unlike other resources, our Alaskan antiquities are non-renewable. Failure to fund this vital activity will mean an irreversible loss in historic and archaeological values. We urge your restoration of the \$48,400 authorization in the Natural Resources budget for the historic preservation program.

Respectfully,



Robert A. Frederick, Alaskan Advisor and  
Vice-Chairman, Board of Advisors  
NATIONAL TRUST FOR HISTORIC PRESERVATION

Enclosure

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 — JUNEAU 99801

SB-2

January 29, 1973

The Honorable W. I. "Bob" Palmer  
State Senator  
Chairman, Rules Committee  
Alaska State Senate  
State Capitol Building  
Juneau, Alaska 99801

Dear Senator Palmer:

This is in response to your letter of January 26 asking for our analysis and comments on Senate Bill 2. This is the re-introduction of Senate Bill 289 which was introduced by Senator Ziegler in the last Session. That bill was vetoed by the Governor because it did not make provision for the Commissioner of Revenue to require the filing of a consolidated return nor did it address itself to the filing of combined returns. It was the feeling of the administration that the election should be bilateral. The present bill, SB 2, does provide for a bilateral election and does provide for the filing of combined returns.

Generally, combined returns are provided for in AS 43.19.010, Article 4, paragraph 1(a). However, this is only implied by the construction used in that paragraph. It is our belief that explicit authority to require combined returns, or to allow combined returns, would be beneficial. In addition, of course, many local corporations and accounting firms have requested that they be allowed to file consolidated returns. Basically, the difference between a consolidated return and a combined return is that a consolidated return allows companies which are affiliated to use an ownership test to consolidate their net income for purposes of applying the income tax. Combined returns, on the other hand, provide that all activities of a like business nature of related corporations, without respect to any ownership test, shall be combined for purposes of applying the net income tax.

It is our belief that SB 2 will allow more options to both taxpayers and the Department in arriving at convenient and simplified means of taxing affiliated corporations while at the same time making the provisions of the Multistate Tax Compact relating to the filing of combined returns more explicit and thereby clarifying and simplifying the application of this law to multistate corporations.

Yours very truly,

R. D. Stevenson  
Acting Commissioner

SB-37

# PEOPLES BANK & TRUST

POUCH 7007 • 8TH AVENUE AND G STREET • ANCHORAGE, ALASKA 99510  
TELEPHONE (907) 279-7511

R. A. KENNARD  
PRESIDENT

February 8, 1973

The Honorable Dick Randolph  
Alaska State House of Representatives  
Pouch "V", State Capitol Building  
Juneau, Alaska 99801

Dear Representative Randolph:

I appreciate very much the opportunity of discussing with you yesterday some of the aspects of the proposed legislation. In response to your request, here are some thoughts from a president of a smaller bank.

I thought it might be of interest to you that when we received a copy of the S. B. #37 we immediately prepared an analysis of what we thought the interest rate structure for our bank might be in S. B. #37 passed both houses and became law. The results were that the prime rate would immediately drop and the rate range would be more in line with the risk involved, whereas at the present time there really isn't a rate range for commercial or real estate loans.

Another interesting fact is that although the rate that could be charged was 10% during the tight money squeeze, here are the percentage figures of our loan portfolio in relation to interest rates: 10% are below 8%, 68% at 8%, 15% at 8-3/4%, 1% at 9%, 1.8% at 9 1/2%, and 3% at 9 3/4%. You can see that there were very few loans made at the higher interest rates, but where the risk so warranted, the higher rate was charged in preference to declining the loan. Should the Legislature pass a statute that would allow an interest rate to be charged that is more commensurate with the market as of today, it is my feeling that the lending institutions would be in a position to show the Legislature in a year or two a heavy increase in loans, and that the funds were not only generated within the State of Alaska, but a large amount would be obtained from outside investment groups. Even our small bank, which only began business in July of 1970, has on the books at the present time over \$9 million in loans; but more interestingly, in this short period of time we are servicing over \$3 million of loans we have made and sold to investors. Of course, the main portion of the loans now sold to investors are home loans. Most of our housing loans now are at 6-3/4, 7 and a few at 8 per cent. The commercial loan market has for all purposes dried up because of our limited rates.

I would also like to point out that many potential borrowers who are unable to obtain loans through Alaska banks turn directly to Outside financial institutions for loans at rates much higher than they would have to pay if the loans could be processed through an Alaska bank. There's evidence that financing was obtained from Outside lenders are in evidence on many local building projects, and these higher financing costs eventually rest on the Alaska consumer. It is paradoxical but true that setting maximum rates lower than the market rates actually costs Alaskans more because borrowers must turn to other, higher rate sources for funds if there is to be progress.



To: The Honorable Dick Randolph  
Page Two

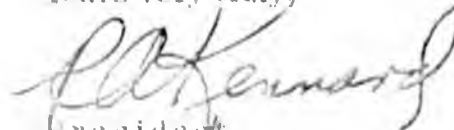
February 8, 1973

\* It has concerned me in reading the news papers that the amendments to the interest rate bill have so far only covered housing and commercial real estate loans and chattels; there is no mention of accounts receivable loans, SBA loans, or personal loans, other than that it is my understanding that they would be at 8%. Even as a small bank we have been able to make rather sizeable loans for inventory purposes, accounts receivable purposes, etc., by having the outside commercial banks participate. The larger loans have now become unavailable to our customers because inventory and accounts receivable loans normally carry a higher rate; therefore, our correspondent banks refuse to participate at an 8% rate. Restricting personal loans, accounts receivable loans, and inventory loans to the rate of 8% will only allow the more prosperous borrower to obtain loans, and the marginal borrower, who is usually the smaller businessman, will have to go without.

On the subject of the taxation bill affecting the banks and lending institutions, it is my understanding that the general feeling in Juneau is that it will only affect the two major banks to any degree. I wish to point out that an increase from 2% to 8% has a drastic effect on a smaller bank. It is all relative, as it is just as difficult for us to come up with an \$11,000 or \$12,000 tax payment as it is for a larger bank to come up with its relative dollar amount. In fact, it is more difficult for the smaller banks in that they are not involved with the tax free municipal market to the degree that the larger banks are involved. I think everyone will agree that the shareholder who invests money into a corporation should have a fair return, and quadrupling the tax on banks certainly has a detrimental effect on the shareholders.

I am pleased to have had the opportunity to express my thoughts to you and I would very much appreciate it if you would be so kind as to see that copies which I enclose are given to the Anchorage contingent of legislators.

Yours very truly,

  
President

RAK:bh

Enclosures

DIVISION OF BANKING, DEPARTMENT OF COMMERCE, STATE OF ALASKA

Kenneth W. Kadow, Commissioner of Commerce

Joseph C. McMurray, Director of Banking

SB-37

COMPARATIVE CONSOLIDATED STATEMENT OF CONDITION OF BANKS IN ALASKA AS OF JUNE 30, 1972

	State Commercial Banks	Mutual Savings Banks	National Banks	6/30/72 Total All Banks	6/30/71 Total All Banks	Comparison Increase + Decrease -
<b>ASSETS</b>						
Cash and Due From Banks	21,052,668	1,119,153	93,405,813	115,577,634	84,131,930	31,445,704 +
U. S. Treasury Securities	19,920,109	1,97,738	31,913,354	53,421,201	55,161,744	1,740,543 -
Securities of Other U. S. Government Agencies and Corporations	15,583,104	9,168,234	41,177,094	66,128,432	49,368,296	16,760,136 +
Obligations of States and Political Subdivisions	23,433,385	2,366,811	141,183,169	166,983,365	141,735,168	25,248,197 +
Other Securities	5,419,544	51,334	2,119,142	7,590,020	4,676,111	2,913,909 +
Federal Funds Sold and Securities Purchased Under Agreement to Resell	16,000,000	1,700,000	4,800,000	22,500,000	13,600,000	8,900,000 +
Loans and Discounts	97,385,741	65,998,098	284,490,142	447,873,981	385,000,266	62,873,715 +
Bank Premises, Furniture, Fixtures and Improvements	4,564,503	2,154,382	15,724,268	22,443,153	17,066,645	5,376,508 +
Real Estate Owned, Not Bank Premises	583,310	152,494	1,273,067	2,008,871	2,622,585	613,714 -
Investments in Subsidiaries not Consolidated	-0-	-0-	-0-	-0-	-0-	-0-
Customers Liability on Acceptances Outstanding	-0-	-0-	966,066	966,066	1,487,326	521,260 -
Other Assets	2,821,585	1,214,828	10,516,329	14,552,742	9,011,236	5,541,506 +
<b>TOTAL ASSETS</b>	<b>206,763,949</b>	<b>85,713,072</b>	<b>627,568,664</b>	<b>920,045,465</b>	<b>763,800,707</b>	<b>156,244,758 +</b>
<b>LIABILITIES</b>						
Demand Deposits of Individuals, Partnerships and Corporations	52,525,780	1,875,702	195,639,004	250,040,486	219,945,829	30,094,657 +
Time and Savings Deposits of Individuals, Partnerships and Corporations	42,145,167	54,082,780	144,156,692	240,384,639	207,463,967	32,920,672 +
Deposits of United States Government	1,868,771	1,345	13,469,959	15,340,375	12,563,515	2,776,860 +
Deposits of States and Political Subdivisions	86,325,116	20,450,447	193,768,716	300,544,279	237,796,857	62,747,422 +
Deposits of Commercial Banks	45,778	20,978	1,247,489	1,314,245	1,454,059	139,814 -
Other Deposits (Certified and Officers' Checks, etc.)	2,753,594	-0-	6,159,796	8,674,390	7,123,363	1,551,027 +
<b>Total Deposits</b>	<b>185,645,206</b>	<b>76,431,552</b>	<b>554,421,656</b>	<b>816,498,414</b>	<b>686,153,177</b>	<b>130,345,237 +</b>
(a) Total Demand Deposits	(62,619,647)	(1,897,121)	(240,697,673)	(305,204,441)	(278,103,895)	(27,100,546) +
(b) Total Time and Savings Deposits	(123,025,559)	(74,534,431)	(313,723,983)	(511,293,973)	(408,249,452)	(103,044,527) +
Federal Funds Purchased	-0-	-0-	10,000,000	10,000,000	1,000,000	9,000,000 +
Other Liabilities on Borrowed Money	-0-	-0-	118,542	118,542	1,122,435	1,003,893 -
Netpage Indebtedness	1,793,961	447,797	176,753	2,415,421	261,307	2,154,114 +
Acceptances Outstanding	-0-	-0-	966,066	966,066	1,487,327	521,261 -
Other Liabilities	4,578,744	1,538,532	16,041,294	22,558,570	19,619,121	2,939,449 +
<b>TOTAL LIABILITIES</b>	<b>192,016,891</b>	<b>78,617,871</b>	<b>581,734,291</b>	<b>852,557,013</b>	<b>709,783,557</b>	<b>142,773,456 +</b>
<b>RESERVES ON LOANS AND SECURITIES</b>	<b>1,340,396</b>	<b>-0-*</b>	<b>5,639,703</b>	<b>6,980,099</b>	<b>6,406,313</b>	<b>573,786 +</b>
<b>CAPITAL ACCOUNTS</b>						
Capital Notes and Debentures	1,574,900	2,874,000	820,000	5,268,900	558,000	4,710,900 +
Common Stock	3,830,770	-0-	13,152,260	16,983,030	12,561,320	4,421,710 +
Surplus	5,491,692	4,021,201	14,462,665	23,975,558	18,670,622	5,304,936 +
Undivided Profits	2,011,340	-0-	11,469,575	13,480,915	12,221,718	1,259,197 +
Reserve for Contingencies and Other Capital Reserves	500,000	-0-	300,000	800,000	3,500,117	2,700,117 -
<b>TOTAL CAPITAL ACCOUNTS</b>	<b>13,408,702</b>	<b>6,895,201</b>	<b>40,204,450</b>	<b>60,508,353</b>	<b>47,520,817</b>	<b>12,987,536 +</b>
<b>TOTAL LIABILITIES, RESERVES AND CAPITAL ACCOUNTS</b>	<b>206,763,949</b>	<b>85,713,072</b>	<b>627,568,664</b>	<b>920,045,465</b>	<b>763,800,707</b>	<b>156,244,758 +</b>

Compiled quarterly by the Division of Banking, Goldstein Building, Pouch D, Juneau, Alaska 99801

\*Includes in Surplus

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Wall Street Journal

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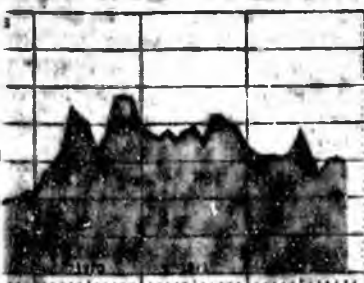
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Y 33, 1973

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15 CENTS

## Employment Insurance



U.S. CLAIMS for unemployment in an average weekly basis, seasonally adjusted, were 250,000 in November, a 284,000 in October.

## 700 Million to Eggs: Spanish Omelets How They Grew

It Cooks 80,000 a Year  
Parties When Not Feeding  
Fields at Goldman Sachs

By MICHAEL J. CONNOR  
Senior Editor of THE WALL STREET JOURNAL  
NEW YORK — In the 1970-72 Broadway musical, "Lauren Bacall played the role of a flamboyant actress, Marge Channing, who decides to party and serve omelets to her guests. If the kid would mind checking why Omelet Man isn't here," Miss Chan-

Spanish liked that line because he is Omelet Man. For some time he has been teaching the art of jet-age omeletry to people in New York, London, Bermuda and other places where omelets are appreciated.

He is the best omelet cooker I've ever seen. Any Vanderbilt, the etiquette expert of three books, including a book on omelets, has retained Mr. Omelet Man for his annual 80-guest omelet party. Spanish omelet is so good, Miss Vanderbilt, that sometimes she notices guests on a second, third or fourth helping of their choice. "They just love it," she says.

Mr. Omelet Man, 60, usually pleases Mr. Stantak. "Omelets are my therapy," says Stantak. He is a 60-year-old bachelor whose mother was the Andrew Mellon family of Pittsburgh. He was a more than a little bit of a child—14—when he was starting work as a kitchen helper in the bank. For the last 20 years he has been the chief executive dining room of the banking firm of Goldman

## Labor Letter

### A Special News Report on People And Their Jobs in Offices, Fields and Factories

PHASE 3 STIFFENS the resolve of union bargainers to win solid wage gains.

A United Electrical Workers leader predicts General Electric will face higher pay demands this spring than if Phase 2 had continued. United Rubber Workers boss Peter Bommarito warns his union "may have to test" Phase 3's limits this spring, especially with rubber makers posting healthy earnings. A Milwaukee municipal employees union "will certainly feel less (government) pressure to trim demands down," a union official says.

Union bargainers admit they face fresh uncertainties now. The head of Retail Clerks Local 770 in Los Angeles hustles to Washington to try to find out what Phase 3 means for his July talks with drug concerns. "Nobody understands it particularly well," one management man says of Phase 3, "but then nobody really understood Phase 2." Many unionists watch closely to see how the West Coast Longshoremen fare in trying to cancel a Phase 2 cut in their contract.

Workers strike a South plant in Missouri, spurning the firm's offer to keep paying the Phase 2 maximum until Phase 3's regulations become clearer.

FOUR-DAY WEEK founders at some firms due to worker fatigue.

Heath Techna Corp. cites rising scrap problems due to more "mistakes at the end of a shift" as it drops the four-10-hour days. Dalton Precision in Oklahoma restored the five-day week after hourly output, maintenance during two 10-hour shifts became problems. Forbes and Field and Stream magazines attribute their switch away from the shorter week to reduced productivity. Some employers fret that supervisors end up working long hours five days a week.

Still, some firms resume short work-weeks after false starts. Mutual of New York, after a 1968 trial, adopts a three-day week for data processors. A New York architectural firm found a 27½-hour week flopped but a 34-hour week shows better results.

Other proponents fear backsliding. If "a-to-b habits creep back in, we go back to the five-day week," warns the president of New York ad agency Carl Ally Inc.

JOBIAIS FIGHTERS attack ethnic, religious discrimination among executives.

The Labor Department issues federal contractors its first guidelines barring bias against employees because of their national origin, religious beliefs. They focus on the executive suite where bias in promotion, pay practices is reported "most likely to occur." The rules also require that work schedules make allowance for workers' religious practices. Employers who disregard the guidelines could lose federal contracts.

The guidelines require employers to make sure ethnic, religious group members receive "fair consideration" in hiring and promotion and urge "positive recruitment" efforts. Some suggestions: contacts with religious groups,

## Oil & Money

### Western Nations Fret As Arabs Accumulate Massive Sums From Oil

### U.S., Other States Worry How Funds Will Be Used, Fear Monetary Instability

### 'Up, Up Into the Stratosphere'

By RAY VICKER

Staff Reporter of THE WALL STREET JOURNAL.  
RIYAD, Saudi Arabia—Thanks to their oil, Arab nations are accumulating undreamed-of wealth—which, of course, makes them happy. And they now have successfully put the squeeze on the West to get even more money for their oil—which makes them even happier.

But not everyone is happy. The flood of dollars and other Western currencies into Saudi Arabia and other oil nations threatens to become the "No. 1 problem of the world monetary system during the next decade," says an international economist for a major New York bank. The key question: How can the money be used? In the most pessimistic view, this new situation could mean monetary instability or oil shortages—or both.

At the very least, major changes in international relationships are likely in the long run.

The huge amounts of money that Arab nations will get from selling their oil could implore the world monetary system and spur the U.S. to new political activity in the Mideast. This is the first of two stories examining the situation.

According to officials interviewed in this Saudi Arabian capital; in Jeddah, the nation's diplomatic center; and in Dhahran, its oil center. Western central bankers may have to find a seat for this nation at their councils. Arab money may become a new source of investment in the U.S. oil industry. America's exporters may have to work harder if the U.S. is to stem a dollar drain because of oil imports. And, like it or not, Washington may have to pay more attention to Arab wishes and sensitivities—because by 1985 it is estimated the U.S. will be importing about half of its oil, and most of this will come from the Middle East. (Right now, the U.S. imports 20% of its oil, mostly from Latin America and Canada.)

In another decade, this desert nation of five million to eight million persons is likely to have reserves of about \$30 billion in gold and foreign exchange. That would be more than double the present American total, and it clearly would turn this developing country into a monetary giant. At the same time, Saudi Arabia and other Persian Gulf nations will become industrial giants. They signed an agreement with Western oil companies giving these nations a 25% equity interest in the firms' oil production, effective Jan. 1 of this year. Companies in Saudi Arabia currently produce about six mil-

SB 37

Instead, an organization called Boston Court Resources Project stepped in and made him an offer he couldn't refuse. The project got him a job in a gas station and gave him counseling and remedial reading work. Later, he re-enrolled in high school. After 90 days, his arrest was erased from his record. He hasn't been in trouble since.

Pat Greene is a beneficiary of a new alternative to traditional trial and punishment called pretrial diversion. As administered by groups like Boston Court Resources Project, it consists of selecting good prospects for voluntary rehabilitation and in effect putting them on probation before they go to trial. If they successfully complete their probation, they're spared the ordeal of a prison term and the stigma of a prison record. If they go astray during their diversion period, they can always be called to trial for their original offense.

#### A Dozen Programs

Courts have long provided alternatives to trial and imprisonment for persons such as the mentally retarded. Now, the concept is gaining broader appeal. "There's a tremendous stream of interest building around alternatives to sentencing," says James Meeker, chief director of the Senate subcommittee on national penitentiaries. Sen. Quentin Burdick (D., N.D.), chairman of the subcommittee, this month will refile a bill providing funds for programs like the one in Boston. (The original bill died when Congress adjourned last year.)

From a pair of pilot projects founded in 1967 in New York and Washington, pretrial diversion has grown to encompass a dozen programs in major cities around the country. Another dozen more specialized projects have sprung up to treat juveniles or drug offenders. Most are financed by one or more federal agencies, though a few draw on state, city or private monies.

Though these programs aren't yet very large, together "graduating" no more than a few thousand persons a year, their importance is insisted upon by many who feel prisons are failing in their function—that, in fact, prisons produce criminals instead of rehabilitating them. "We (judges) don't want to commit kids who haven't yet become criminals," says Franklin N. Flaschner, chief justice of the district courts of Massachusetts. "Most of us have thrown up our hands at the prison system as a rehabilitative tool." Judge Flaschner calls the Boston program "a model example of early or classical probation, a working partnership between the courts and outside resources of rehabilitation."

The Department of Labor, which provides funds for many pretrial diversion programs, reports that 68% to 90% of the "clients" in these programs have the charges against them dropped. The department says that in one program it studied, 17% of these successful "clients" were arrested again within 12 months, compared with 34% of a control group that had been sent to prison.

#### Cheaper Than Prison

Not everyone looks on these programs so favorably, of course. Some judges refuse to release any offenders to pretrial diversion programs. Some critics, too, feel any program will look good if it limits itself to "clients" who are highly motivated to straighten out their own lives.

Pretrial diversion is unquestionably cheaper than prison. The Department of Labor says the programs it supports cost about \$1,000 per man for a three-month stint, compared with about \$1,200 to keep a man in prison for the same amount of time. Penologists say the real savings are considerably greater, because that \$1,000 figure doesn't include the costs of providing welfare or social services to his family, nor the loss of tax revenue from jobs he might have held if not imprisoned.

Most pretrial diversion services,

November's \$258.3 million, after year-earlier net sales.

(Story on Page 3) 1-23-73

Short-term interest rates took another jump yesterday, increasing pressure for a 1/4-point boost in the prime rate to 8 1/4%. Even higher rates might be necessary, a Federal Reserve official commented, if current business expansion becomes a boom.

(Story on Page 2)

The U.S. dollar fell on some European money markets yesterday in the wake of Italy's introduction of a two-tier system to protect the lira. The Swiss National Bank adopted a stern stand against importing dollars.

(Story on Page 4)

Interest-equalization tax extension for two years beyond its scheduled March 31 expiration was asked by the administration. The 10-year-old "temporary" levy has helped the U.S. balance-of-payments position, the Treasury Secretary said.

(Story on Page 1)

Telex Corp. unlawfully obtained IBM trade secrets and infringed IBM copyrights, International Business Machines charged. Its counterclaims to Telex's year-old antitrust suit against it asks \$25 million in damages. IBM separately introduced a new system for entering data into computers.

(Story on Page 7)

Antitrust challenges to restrictions placed by two British companies on U.S. sales of an antifungus drug were upheld by the Supreme Court. It backed requiring Glaxo and Imperial Chemical to license manufacture and bulk sale in the U.S., and authorized Justice Department attacks on their patents.

(Story on Page 4)

Three accountants and an accounting professor were appointed to the board that will set rules for companies to report financial results. That leaves two vacancies on the Financial Accounting Standards Board, one for a corporate financial officer and one probably for someone from government.

(Story on Page 9)

Trans World Airlines intends to press a campaign for multiyear agreements among competing airlines to limit capacity on many key routes, its chairman said. Such accords, opposed by the Civil Aeronautics Board, are vital for the industry's economic health, he asserted.

(Story on Page 10)

American Financial refined its plan to acquire National General. It will make an immediate tender offer for National General's \$40 common warrants and, instead of proposing a merger, will make an exchange offer to National General holders.

(Story on Page 1)

Norfolk & Western Railway will haul more freight this year than last,

law that allowed residents while requiring two additional doctors to concur with the woman's physician. Justices didn't totally prohibit state abortion laws, but they said the states can't stifle abortions in the first three months of pregnancy, and can only regulate them during second three months.

Only when the fetus reaches the viability stage, where it can exist outside the womb through premature birth or cesarean section, can the state forbid most abortions outright, they said.

Reaction to the abortion ruling ranged from pleasure by pro-abortion groups to disavowal by opponents. Observers said the ruling could affect all but four of the 50 states. State legal officials said they weren't immediately sure of the impact of the ruling.

The President's power to classify documents isn't subject to judicial review, the Supreme Court held. The case involved Congressmen who wanted to see documents relating to an underground nuclear test on Alaska's Chukchi Island. A lower court held a judge empowered to privately examine the documents to see if they fall under provisions of Freedom of Information Act allowing them to remain secret. But the high court held it doesn't contain any means to question a executive decision to stamp a document as however cynical, myopic, or even contrary decision may have been.

State aid to parochial schools will be reviewed by the Supreme Court. The Justice also agreed to decide whether former employees of the Lench, Pierce, Fenner & Smith Inc. can sue the firm over a provision profit-sharing plan providing that an employee who voluntarily goes to work for a company loses his vested interest in the plan. A plaintiff says state law bars any contract by which individual is restrained from engaging in lawful occupation.

KISSINGER FLEW TO PARIS and talks might be initiated by Thursday.

The White House foreign affairs aide left for what are expected to be final talks with Hanoi's Le Duc Tho. Sources at the White House told UPI that Kissinger is authorized to initial an accord Thursday, but any last minute hitch. Defense Secretary Laird, however, hinted to newsmen the signing may come Wednesday. Asked about prisoners of war, Laird responded: "I told you all we can until after Wednesday was also cited as the initial in Communist high-command documents tured in South Vietnam Sunday.

In Washington, Sen. Hughes (D., I.) asked for an investigation of alleged military physicians that Air Force claims illegally participated in combat operations over Indochina.

A pitched battle is raging at the rubber plantation 40 miles northwest of Field reports strongly indicated that the Vietnamese incursions were defeated but forces systematically ambushed and moved forward. Meanwhile, South Vietnamese commanders, after a series of hasty attacks, rejected a Vietcong offer to a armed helicopters to pick up 120 of the Vietnamese wounded. They said it was to have air strikes in the area called of

A 50% cut in Education Office funds to school and administration was urged president of the 1.3 million-member Education Association. Mrs. Callahan said the money could better be used for school children. She charged that the contribution toward elementary school costs has declined 1% since the year before Nixon first took office. It's

Wall Street Journal

58-37

✓ Mortgage Credit Costs . . . Senator Proxmire indicated concern with mortgage credit costs. He proposed that the Congress authorize the Federal Reserve Board to limit the amount of borrowing by large corporations during periods of tight money. Corporations covered would be confined to those with annual sales in excess of \$100 million. By limiting big business borrowing, more money would be available for other sectors of the economy including housing, state and local government, small business, and agriculture. By restricting demand, interest rates would not rise so much as they would otherwise, according to Senator Proxmire.

✓ Federal Reserve Recommendations . . . Chairman Arthur F. Burns of the Federal Reserve Board cited a number of recommendations of the Board. The Board recommends removal of a number of legislative and regulatory constraints that at times discourage investment in mortgages. If Congress would abolish interest rate ceilings on FHA and VA loans, or tie them directly to market interest rates, the states would be encouraged to take similar action with regard to usury laws which block the flow of funds into mortgages.

The Federal Reserve Act should be amended to permit the Reserve Banks to lend to member bank on the basis of sound mortgage collateral at the regular discount rate. The statutory restrictions on real estate loans by national banks should be eliminated, but the Comptroller of the Currency should be authorized to establish safeguards through regulations. Removal of the geographical restrictions on conventional mortgage loans of federal savings and loan associations would help free funds for investment. Federal action on geographical restrictions could lead to similar liberalization of state laws.

The ability of depository institutions to attract and hold consumer savings should be strengthened. The sharp swings in deposit inflows and in loan activity at these institutions could be moderated somewhat by lengthening the average maturity of their deposits. Perhaps deposit rate ceilings could be adjusted to allow greater incentives for savers to invest for longer periods. Some benefits would also accrue from shortening the average life of the earning assets of thrift institutions. Consideration should be given to enabling all depository institutions to offer mortgages with variable interest rates.

The Board recommends flexible use of the investment tax credit as a means of achieving greater stability in outlays by business firms for machinery and equipment. The Board believes that first priority should be given to the proposed variable investment tax credit.

Comptroller General . . . Elmer B. Staats, Comptroller General of the United States, recommended that the Departments of Housing and Urban Development and Agriculture clearly define the type of housing options that will be made available under homeownership assistance programs in the various areas of the nation. He also recommended that the Departments jointly determine what housing options are appropriate for inclusion in houses being provided in communities served by both Departments. Mr. Staats cited these needs with reference to the Section 235 and Section 502 programs. He said that HUD and Agriculture did not provide their field offices with adequate guidelines defining the type of housing eligible under homeownership assistance programs for low- and moderate income families.

A review of mortgage default rates on the Section 235 and Section 502 programs has been made. Preliminary information indicates that mortgage defaults could become a major problem for the Section 235 program. The number of defaults in the Section 502 program has been low, but Agriculture officials anticipate that increased program activity will result in a marked

# THE KIPLINGER WASHINGTON LETTER

*Circulated weekly to business clients since 1923 - Vol. 50, No. 3*

THE KIPLINGER WASHINGTON EDITORS

1729 H St., N.W., Washington, D.C. 20006 Tel: 202-298-6400

*Cable Address: Kiplinger Washington DC*

Dear Sir:

Washington, Jan. 19, 1973.

What you have is the start of a permanent monitoring system for the economy...gov't assuming the continuing role of a traffic cop. This is not really decontrol, as most of the news stories say. The controls are still there...the enforcement is less rigid. They are now "general guidelines" under which you are to live for the foreseeable future. Thus, a sort of honor system is beginning, to see whether the economy will behave voluntarily or has to be ruled.

You are not really free to do as you please on prices & wages. And profits are still subject to limits...if you raise prices. But these have been sweetened a bit...looser definition of base period. Lets companies use the latest fiscal year in figuring what they can do.

You may go beyond the wage guidelines in certain circumstances... such as "localized shortages," "inequities," "serious market disruptions." But be sure you can prove the need for this...because if not, you may get into trouble. Subject to rollbacks, and perhaps penalties if you persist. So, wise not to assume you have complete freedom.

How will the gov't check up on you? Mostly by indirect means, by monitoring your industry or section of your industry. And watching the giants in the field, the leaders. Also by scrutinizing the prices quoted in financial papers, reports, announcements. And by complaints from one company about another...a method that has worked in the past. It will keep its finger on the cost-of-living index to see what's up, if this starts moving too fast...who's responsible, what justification.

So the key indicator will be prices...YOUR prices in YOUR line. Gov't knows they are likely to go up, whatever they are, but will watch to see that the increases are held "reasonable." What is "reasonable"? Don't know. Gov't hasn't yet decided. Writing regulations on this... so a tricky word that may become bothersome. We got an interpretation when we squeezed gov't officials this week who will write the rulings:

Suppose your costs rise sharply...say you are suddenly faced with a shortage of a certain skill in your line and must raise wages to keep those you have from leaving. Then you have to increase prices. Gov't probably would investigate...and might say that's "reasonable."

Or suppose a commodity becomes scarce and the price skyrockets. Chances are you could justify a price boost in a product made with it. But these are mere examples, unofficial...and uncomplicated. Everyday business operations are seldom as cut & dried as this. Hence, expect plenty of gov't sniffing any time prices jump.

In any event, gov't will continue to keep the pressure on you. Sometimes directly, sometimes indirectly...moving from one to the other.

As for wages, the guidelines stay the same. You may raise wages up to a limit of 5.5% a year, plus .7% on fringes. And probably more... if it's unavoidable, if you MUST to keep going. Also, in the industries where big contracts will be settled this year...going beyond guidelines.

Quite likely that wages will creep up faster under these controls than in past year or so...gov't has virtually promised unions to go easy. Wage negotiations in several big industries will set the pace for all... probably 8% or beyond...prodding other wages higher, even the non-union.

What effect on inflation? Well, MORE inflation...faster pace.  
Around 4%, perhaps even up to 4.5% by the time 1973 has ended.  
 Hard to gauge it with much accuracy at this point, but 4% almost sure.  
Prices in relation to wages, close to same proportion as now.  
 Roughly 4%-plus on prices, 8%-plus on wages. Now about 3.5% and 6%.

Another important effect...on money, interest rates: This year the earlier expectations were for interest rates to rise rather slowly. Now looks like a slightly faster rise, since more of the effort to curb inflation will be thrown on monetary policy. Not blatantly, but enough to cause the Federal Reserve Board to squeeze a bit harder.

Short-term rates, up 1% by July. Prime rate, 7%...from 6% now.  
Long-term, not quite as much. FRB will try to keep these fluid so as not to cripple home building. But they will go up, for certain.

FRB doesn't like the new controls system. Chairman Arthur Burns wanted the old kept on longer...he wants to avoid a tight money squeeze. But he's a good soldier and he won't quit...will stay on as chairman.

Some talk in Congress about RE-stiffening controls...mandatory.  
Food especially...by controlling farm prices that are now free.  
But this will be sidetracked when the farm bloc gets active...  
 probably killed in committee. (Might pass, if it came to full vote.)

A new law will be voted by April 30 when present law expires.  
 This is the prospect that the leaders talk. The Democrats don't want to be blamed for a hiatus in the law that might lead to sudden upshoot in either prices or wages. So they will vote controls for a year more.

A few specifics: Lumber industry no longer under special curbs.  
Food is still under same regulations as before...minor changes.  
Physicians, dentists, hospitals, clinics...also same as before.  
Construction, ditto...because it has history of wage-rocketing.  
Rents are exempt...not even guidelines on rents any longer.  
Small businesses, 60 employes or fewer, exempt...as previously.  
Record-keeping on wage-price changes is no longer mandatory...  
 except for firms employing 1000-up or with sales volume over \$50 million.  
 Write us any questions you have...glad to find out the answers, if we are able. Can on some, can't others. But will be happy to try.

Our mail shows deep concern about labor costs. A recent survey of readers indicates that this is a major problem...chewing at profits.

Many businessmen want to fight further raises, if possible...  
 especially small businessmen. They want to see productivity increased before they continue handing out more & more in wages. Say they're set to get tougher this year. Disappointed Nixon doesn't tighten wage rules.

Incidentally, want to thank the thousands of readers for writing in response to our request. And for phoning. Appreciate it greatly.

Shoe prices will keep rising all year... world supply of hides is tight, and recent boost in leather shoes didn't fully reflect this. So, another round of increases is coming...up several dollars a pair.

Cough & cold remedies: Federal Trade regards that "evidence" the companies sent in to back up ad claims as bunk. Crackdown coming.

Supermarkets with "lowest food prices in town": Better be true because FTC is going to check, compare and publicize...for housewives.

Little shops in airports are hurting because of security rules. Some airports don't allow non-passengers in, cutting the size of crowds. This also crimps airport restaurants, bars, newsstands, parking lots.

X-rated movies on TV: Gov't fears this will be the next step, and the gov't lawyers say frankly that they have no power to stop them. Each station will decide what's presentable...what people will tolerate.

Sex-talk radio shows are already bringing complaints to gov't. The gov't can not censor. But local stations, and sponsors, CAN censor.

Ads on children's TV shows: Some parents and consumer outfits are pressing gov't to bar them on grounds that they're bad for the kids. Gov't won't, but it may force the ads to drop claims aimed at the kids.

Reminder to employers on safety law: You must fill out and post "Annual Summary of Occupational Injuries & Illnesses"...by end of Jan. For details, check the nearest regional office of the U.S. Labor Dep't.

Temporary employes...a booming business. Typists, office help, bookkeepers, etc. Many companies prefer "tempo" to hold down payrolls and fringe benefits. Usually, temporary help is paid by the agencies.

A cautionary note: Deal with insured agencies for protection in case of injury to a temporary employe...thus avoiding a court fight.

Equal rights for women...RED hot this year... state legislatures in many states will decide whether to ratify Constitutional Amendment. So far, 22 have done so. Thus 16 more needed, for it takes 38 states.

Raging arguments over this...whether it's good or bad for women on education, employment, working conditions, wages, credit, jury duty.

If you want an unbiased discussion, write for a useful pamphlet from Council of State Gov'ts, Iron Works Pike, Lexington, Ky. 40505. Ask for a copy of "All Are Created Equal," RM-496. The price is \$3.

Overlapping state and local taxes still plague interstate firms, but there is now a fair chance that Congress will set some tax standards in a new law this year. A compact is being pushed as an alternative, but fewer than 20 states subscribe to it. So the legal tangle goes on.

On sales & use taxes, the proposal in Congress sets up a system for the states to collect the taxes from the buyer rather than seller.

And as for income taxes, it spells out what the states can tax in such areas as income from abroad, income from patents, royalties, etc. These cause considerable anguish to firms selling in several states.

Chances of passage, pretty good. Depends on loudness of squawks from businesses affected. Congress sees the problem and CAN be prodded.

Recruiting firms that steer executives to jobs: A new directory lists more than 400 such firms and tells what most of them specialize in. Also gives salary ranges. Helpful to companies seeking talent, and execs looking for positions. Write Consultants News, Fitzwilliam, N.H. 03447, and ask for a copy of "Directory of Executive Recruiters." Send \$5.

Big changes are taking place in houses...the way they're built and materials in them. The cost of labor & materials two big reasons. Sent a man to home builders' convention in Houston. Here's a sampling:

Wood substitutes becoming common...steel, aluminum, plastics... because cost of wood keeps rising. Such as steel two-by-fours, beams. Hardwood floors are giving way to plywood sheathing covered with carpet.

And new environmental devices will become standard. Examples... trash compactors in every new kitchen, toilets that use half the water.

Plus a good deal more insulation in house to use less fuel... hold down the cost and keep homes comfortable in case of fuel rationing.

Fireplaces losing popularity in ready-made homes. Brick costly, good masons are becoming scarce, and firewood is getting too expensive.

"Green space" in housing developments...an idea that's spreading. Shave each lot a bit to make room for community pool, tennis court, etc.

Construction of houses is poor...the builders freely admit to it, and they predict worse. Just can't get enough artisans to do a good job. Same for supervisory people. No matter what the pay. Which is a reason builders are going to prefab, precut, modular styles as fast as possible.

On prices, of course they'll keep inching up. More important, people will be paying a bit more for a lot less house. Builders' costs are soaring...labor, land, etc...so they try to hold down home prices via smaller houses, substitute materials, etc. And it's just beginning.

Watergate scandals: What really happened at Democratic hdqrs., who was behind the bugging, who ordered it...Senate is planning a probe. Trial here won't turn up anything new...most defendants pleaded guilty.

The Senate can force the witnesses to talk by granting immunity so they can't take 5th Amendment. And three senators were victimized... Humphrey, McGovern, Muskie. They really want blood and they can get it.

Vietnam cease-fire is FAR from peace, no matter who says what.

Just another phase in the long conflict. The shooting will stop, and perhaps for good...but N. Vietnam has no idea of giving up its goal of taking over S. Vietnam. What it couldn't do through force of arms... Hanoi now hopes to get done with more devious and less costly means.

And U.S. will continue to be involved. Going to spend big money for postwar reconstruction in Vietnam, including large sums in the North. So it will appear as though the U.S. will be subsidizing the Red efforts to take the South, and also subsidize South's attempts to prevent this.

We'll keep a fleet and some bombers in the area to make sure Reds don't go too far. Also civilian advisers & observers in Saigon.

Obviously a complicated cease-fire package...great controversy when Congress takes up the spending, especially aid to N. Vietnam.

Best side of cease-fire will be the return of our prisoners... which means the list of missing will be reduced after all these years.

Too soon to tell just how good a TOTAL bargain Nixon will get, but no question the cease-fire will be something to lift the spirit.

Yours very truly,

Jan. 19, 1973

WIN KIPLINGER WASHINGTON EDITORS

*Austin Kiplinger*

SB-193

xxxxxx Pouch KA  
xxxxxxxxx State Capitol  
Juneau 99801

March 6, 1974

The Honorable Willard Bowman  
State Representative  
Pouch V  
Juneau, AK 99801

Dear Representative Bowman:

You have asked me to explain the provisions of Senate Bill 193 and to explain how it changes the existing provisions on reckless and negligent driving. The present statute, AS 28.35.040 defines both reckless and negligent driving. The maximum sentence for reckless is \$1,000 and imprisonment for one year or both, and the maximum penalty for negligent driving is a \$100.00 fine. The present statute specifically states that negligent driving is a lesser included offence of reckless driving, even though negligent driving is defined as driving in such a manner as to endanger a person or property whereas there is no such requirement of endangerment for reckless driving.

The principal problem with the existing statute is that there is virtually no difference between some of the definitions for reckless driving and the definitions of negligent driving. Senate Bill 193 is designed to remedy this defect.

Senate Bill 193 basically combines the definitions of recklessness and criminal negligence in the Model Penal Code for the definition of reckless driving. Reckless driving is defined in terms of a substantial and unjustifiable risk of harm to a person or property and in terms of a gross deviation from the reasonable person's standard of driving. Negligent driving is placed in a separate section of the Alaska Statutes and is defined in terms of a simple unjustifiable risk of harm to a person or property and in terms of just an ordinary deviation from the reasonable person's standard of driving. The definition of negligent driving also includes a provision that the defendant must actually endanger a person or property. The section on reckless driving does not contain such a provision.

The Honorable Willard Bowman  
State Representative

March 7, 1974

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In the original version of Senate Bill 193, negligent driving is defined as a lesser included offense of reckless driving. During the House Commerce Committee hearing, Mr. Sinkey brought up the issue of the possibility that since negligent driving requires actual endangerment, the State might be required to prove actual endangerment for reckless driving since negligent driving is a lesser included offense. The possibility of deleting the requirement of actual endangerment was mentioned, and I opposed such a deletion on the ground that police officers might be tempted to charge a person with negligent driving in situations where all the driver should be cited for are specific violations of traffic regulations. I stated that I thought a negligent driving charge should only be brought when a driver has actually endangered a person or property. I also stated that I thought the requirement of actual endangerment should be made clear in the statute. The Committee then voted to delete the provision which stated that negligent driving is a lesser included offense of reckless driving. The results of that deletion will be that if a person is charged with reckless driving, he cannot be convicted of negligent driving unless the complaint contains alternative counts charging both reckless and negligent driving.

Since the House Commerce Committee hearing on Senate Bill 193, I have given considerable thought to the wording of the bill in its original and amended form, and I have carefully considered the viewpoints expressed by the various participants in the hearing including the views expressed by Mr. Sinkey and myself. I have come to the conclusion that I was incorrect in supporting the deletion of subsection (b) of the proposed new section defining negligent driving (page two, lines 11-14). I have also concluded the language concerning actual endangerment in lines 25-26 of page one and lines 1-10 on page two of the bill may be deleted without undermining the intent of the statute. The deletion of this language would eliminate any confusion resulting from the apparent addition of an additional element for negligent driving which does not exist on the surface for the offense of reckless driving, even though negligent driving is defined as a lesser included offense of reckless driving.

The reasons why I included references to actual endangerment in the definition of negligent driving in the original version of Senate Bill 193 were because the present statute defining negligent driving requires actual endangerment and because I wanted to make it clear that a person should not be charged with or convicted of negligent driving if he has merely violated some specific traffic regulation without actually endangering any person or property. However, upon a closer analysis of the wording of Senate Bill 193, it is my opinion that some endangerment of a person or property is required by the language of the bill even if the specific references to actual endangerment are deleted. The reason for this conclusion

The Honorable Willard Bowman  
State Representative

March 7, 1974

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is that both reckless and negligent driving are defined in Senate Bill 193 in terms of creating an unjustifiable risk of harm to a person or to property. In the case of reckless driving, of course, the risk must also be substantial. Creating an unjustifiable risk of harm to a person or to property is much the same thing as endangering a person or property. Therefore, a person may not be convicted of either reckless or negligent driving unless he has created a risk to a person or property, or in other words, endangered a person or property. Consequently, the language concerning actual endangerment is somewhat redundant and its deletion would not be harmful to the legislative intent of the bill.

If the House deletes the language concerning actual endangerment and retains the language concerning the lesser included offense, I would suggest that the bill be accompanied by a letter of legislative intent specifying that it is the intent of the Legislature that the offenses of reckless and negligent driving should only apply in cases where there is an actual risk to a person or to property, and that it is not the intent of the Legislature that a person be charged with or convicted of either offense when the person has merely violated some specific traffic regulation but has not created a risk of harm to a person or to property. If such a letter of legislative intent accompanied the bill to passage, I would see to it that the letter is distributed to all District Attorney offices and to the various law enforcement agencies.

I am sending copies of this letter to Representatives Randolph and Tillion since I believe that they will be interested in the contents.

Very truly yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:

Ivan Lawner  
Assistant Attorney General

cc: The Honorable Richard Randolph  
Chairman, House Commerce Committee  
Pouch V  
Juneau, AK 99801

The Honorable Clem Tillion ✓  
Chairman, House Judiciary Committee  
Pouch V  
Juneau, AK 99801

IL:jp

SYNOPSIS OF BILLS AND COMPARISON  
OF PROVISIONS

HB 20, HB 304, HB 415, HB 546, CSHB 257, SB 26  
INITIATIVE PETITION #3

HB 546 was introduced by request of the Governor and assigned to State Affairs and Judiciary.

This bill sets campaign spending limits by a formula based on population. Candidates for Governor or Lt. Governor would be limited to approximately \$120,000. Spending limits for the various legislative districts are in the appendix.

The campaign funding disclosure sections of the bill apply to all candidates, including candidates for local office. All must file reports listing the amount and nature of expenditures and the names and amounts of all contributors. Contributors of over \$100 must also file reports.

The bill requires commercial advertisers to file reports listing the name of everyone to whom political advertising was provided and the nature and extent of advertising services rendered.

The Lt. Governor administers the act supervised by a Citizens Committee appointed by the Governor.

#### INITIATIVE PETITION #3

This bill is an initiative petition circulated by the Alaska Election Reform Committee. The petition has been filed with the Lt. Governor's office and is expected to be on the general election ballot unless preempted by legislative enactment of a similar law. The act sets limits on campaign expenditures and requires disclosure of campaign funding sources.

Statewide candidates are limited to expenditures of \$125,000; \$50,000 in a primary campaign, \$75,000 in a general election. No more than 40% of the amount allowed can be spent on media. The above limits are exclusive of the candidates own living and transportation expenses.

Candidates for the State Senate are limited to \$8,000 for a combined primary and general election campaign. Candidates of the State House are limited to \$6,000.

All candidates for public office in Alaska, including local candidates, must file reports which list all contributions and expenditures and the names of all contributors. No candidate may accept an anonymous contribution.

In addition to reports by candidates, any individual who contributes over \$100 to a candidate must file a report disclosing that fact.

Media spending limits are enforced by a system which requires candidates to obtain media permits before each purchase of advertising time or space. When a candidate reaches his media spending limit he is no longer authorized a permit.

Comercial advertisers who provide media services must also file reports listing the nature and cost of services provided to any political candidate.

The act is administered by the Lt. Governors office. There is also created a Watchdog Committee containing representatives of all political parties. The committee has the power to observe and inspect all records and reports for possible violation of provisions of the bill.

#### HB 415

This bill was introduced by Representatives Parker, Bradner, Degnan, Malone, Meekins, and M. Miller and referred to the Committees on State Affairs, Judiciary and Finance.

This act would create a State Election Commission which would administer and enforce the provisions of the bill.

Campaign media spending limits of \$50,000 for Governor \$25,000 for Lt. Governor, \$5,000 for the State Senate, and \$2,500 for the State House are established.

There are also limits established on the amount a candidate can spend from personal funds or the fund of members of his immediate family.

This bill also requires disclosure of contributions in excess of \$10. Candidates must file reports listing all such contributions and records of all expenditures.

There is a provision which prohibits anyone holding a contract with the State from contributions to a political candidate or committee.

Contributors of over \$50 to a single candidate or political committee must also file a report with the Election Commission.

This bill was introduced by Representative Mike Miller and referred to the Judiciary Committee.

Candidates for Governor, Lt. Governor and the legislature are required to file reports listing the amounts and sources of all campaign contributions.

Each candidate must also establish a campaign checking account. All contributions must be deposited in the candidates account and all expenditures must be by means of a check drawn on that account. Deposits must be accompanied by statements containing the name for each person providing the funds deposited and the amount each provided.

After the elections, banks must file reports containing copies of each candidates contribution statements and a statement of account for each candidates account.

The bill also prohibits anonymous contributions and requires that all signs, handbills, television and radio ads, etc. be identified as being paid for by the candidate on whose behalf they appear.

HB 304

HB 304 by Representatives Bradner, Bowman, Carrol, Meekins, and M. Miller applies to statewide candidates and candidates for the Legislature.

It sets limits on the total amount of expenditures allowed. Statewide candidates can spend \$50,000 for a primary or special election and \$75,000 for a general election. State Senate candidates can spend \$7,500 for a primary or general and candidates for the State House can spend \$4,000.

Each candidate must file with the courts statements of expenses and contributions including the names and addresses of all donors of over \$100.

This bill also provides that legislators be included under the statutes regarding bribery of state officials.

Provisions of this bill would authorize the Lt. Governor to prepare and mail out election pamphlets which would contain photographs

This bill also contains a conflict of interest section which would require legislators and principal state officials to disclose sources of income, corporate interests, liabilities or debts, etc.

#### SB 26

SB 26 by Senator Kerttula is a simple expenditures limitations bill.

Candidates for federal office are limited to \$75,000 for a primary or general election; candidates for Governor \$100,000, and the legislature \$7,500. If unopposed in a primary, limits are for combined primary-general campaign. The Lt. Governor is limited to \$50,000 for the primary only.

Candidates are required to file reports listing all expenditures.

#### CSHB 257

CSHB 257 is an advertising spending limitations bill which limits candidates to spending .50¢ per voter in the area from which they are running. It applies only to candidates for the legislature. The appendix contains an application of this formula to the various legislative districts.

Only candidates who are elected must file reports. The report must contain the amount of advertising expenditures.

## APPLICABILITY

INITIATIVE

This bill applies to candidates for Governor, Lt. Governor and the Legislature. Candidates for the U.S. House and Senate are also included if the courts declare such inclusion to be constitutional. Sections covering the disclosure of campaign funding sources also apply to candidates for local government positions.

HB 546

This bill applies to candidates for Governor, Lt. Governor and the Legislature. Sections covering the disclosure of campaign funding sources also apply to candidates for local offices. Political committees are also required to file reports under this act.

HB 415

Candidates for Governor, Lt. Governor, and the Legislature and all political committees supporting candidates for those positions are covered by this bill.

HB 20

This bill applies to every election for Governor, Lt. Governor or the Legislature. Elections for city or borough offices are specifically exempted from the provisions of this bill.

HB 304

Provisions of this bill apply to all statewide candidates and to candidates for the Legislature.

SB 26

Candidates or the political committees of candidates for Governor, Lt. Governor, the U.S. House or Senate, and the Legislature are covered by this bill.

CSHB 257

Applies to candidates for the Legislature, however only successful candidates are required to file reports.

RESTRICTIONS ON EXPENDITURES

Bill sets campaign spending limits as follows:

U.S. Senate or House, Gov., Lt. Gov.- \$125,000  
(\$50,000 primary, \$75,000 general)

No more than 40% to be spent on media.

INITIATIVE

State Senate- \$8,000 for combined primary-general  
State House- \$6,000 " " " "

Above limits are exclusive of candidates personal living and transportation expenses.

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Campaign spending limits are computed as follows:

Gov., Lt. Gov.- \$.40 x the population of the state

State Senate- \$.55 x population of the senate district

State House- \$.80 x the population of the house district divided by the number of seats.

HB 546

Above limits are for combined primary-general election campaign. See appendix for application of formula.

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Campaign spending limits on media:

HB 415

Governor	\$50,000
Lt. Governor	\$25,000
State Senate	\$5,000
State House	\$2,500

Campaign spending limits on personal funds are equal to 50% of the media spending limits for each office.

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HB 20

1. No restrictions on amounts of money expended.
2. Expenditures must be made by means of a check drawn on an official campaign account.

---

Total expenses of a candidate must not exceed:

HB 304

Statewide candidates- \$50,000 for a primary  
\$75,000 for a general  
\$50,000 for a special election.

State Senate-\$7,500 for a primary or general.  
State House- \$4,000 for a primary or general.

---

Spending limits on media advertising:

Governor- \$100,000 in both primary and general  
\$100,000 for combined primary and general, if unopposed.

SB 26

Lt. Gov.- \$50,000 in primary only

U.S. Senate and House- \$75,000 in both primary and general. \$75,000 for both combined, if unopposed.

Legislature- \$7,500 in both primary and general.  
\$7,500 for both combined, if unopposed.

---

CSHB 257

Media spending limits are computed on a basis of \$.50 per voter in the preceding general election in the district from which the candidate is running. See appendix for application of formula.

RESTRICTIONS ON CONTRIBUTIONS

INITIATIVE

1. No contribution may be made or accepted without identification of contributor, and his employer or business affiliation.
2. Anonymous contributions cannot be accepted. If donor is not identified, contribution escheats to the state.
3. No person may transfer funds to another to enable the recipient to contribute funds and conceal the true source of the funds.

HB 546

Same as above.

HB 415

1. No person holding a contract with the State or one of its agencies may make a contribution to a political party, committee, or a candidate for public office during the period of the contract.
2. No person shall make a contribution in the name of another person and no person shall knowingly accept a contribution made by one person in the name of another.

HB 20

1. No contributions may be made in a fictitious name or by a person or group in the name of another.
2. Anonymous contributions must be returned to the donor, if he can be found. If donor cannot be located, contribution escheats to the state.

HB 304

No candidate for the legislature may accept a contribution in excess of \$500.

SB 26

No restrictions on contributions.

CSHB 257

No restrictions on contributions.

## REPORTING DEADLINES

1. 25 days before an election covering up to 31 days before the election.
  2. 7 days before an election covering up to the 10th day before an election.
  3. 14 days after an election covering from the 10th day before an election through the 14th day after.
- INITIATIVE
4. 45th day after an election, covering any additional contributions, loans, etc.
  5. If above report shows any unexpended balance or a deficit, additional reports must be filed every 60 days until no balance or deficit remains.
  6. Supplemental report must be filed one year after the election.
  7. If elected to office, candidate must file report each Jan. 15 listing all contributions, etc. during previous year.
- 
1. 25 days before an election covering up to the 31st day before the election.
  2. 5 days before an election covering the 30th through the 7th day before the election.
  3. 16th day after the election covering through the 10th day after the election.
- HB 546
- 
1. The 10th day of March, June and September of each year.
  2. The 15th and 5th days preceding an election.
  3. January 31st of each year.
  4. Any contribution of \$1,000 or more must be reported within 48 hours.
- HB 415
- 
1. Second Monday of each month during campaign.
  2. 6th day preceding an election.
  3. 30 days after an election.
- HB 20
- 
1. 7 days before an election covering through 10th day before the election.
  2. By January 10 of the succeeding year covering 10th day before the election through Jan. 1 of following year.
- HB 304
- 
1. 7 days before an election covering period up to the 10th day before the election.
  2. 30th day after an election covering from the 10th day before to the date of the election.
- SB 26
- 
- CSHB 257 Each representative- and senator-elect shall file an affidavit before the day he takes office.

REQUIRED INFORMATION-CONTRIBUTIONS

1. Total amounts of all contributions, loans, pledges, etc.
2. Amounts contributed and the names and addresses of each person or organization who contributed an aggregate amount of \$50 or more.
3. Total amount of all contributions of less than \$50.
4. Total amount of contributions received from each fund-raising event.
5. Total amount of anonymous contributions.
6. Amount of each loan, promissory note, etc. and full name, address and business affiliation of lender.

INITIATIVE

1. Total amount of all contributions.
2. Amounts, names and addresses of each person contributing an aggregate amount of \$50 or more.
3. Total amount of contributions less than \$50. Candidates must maintain a list of all contributors in this group.
4. Total amount of contributions received from each fund-raising event.
5. Total amount of anonymous contributions.
6. Loans and promissory notes used to finance campaign.
7. Surplus or deficit of contributions over expenditures.

HB 546

1. Cash on hand at beginning of reporting period.
2. Name and address of each person who has contributed an aggregate amount of \$50 or more.
3. Total amount of contributions under \$50.
4. Records of any transfer of funds to or from another committee or candidate.
5. All loans in excess of \$50 with names, addresses and occupations of lenders and endorseers.
6. Total proceeds from sale of tickets to dinners, etc., mass collections made at such events, and sales of items such as pins, banners, etc.
7. Each contribution in excess of \$50 not otherwise listed.
8. Total sum of all receipts during reporting period.

HB 415

All money, loans or other things of value (including transportation) contributed during the period ending on the date of the report. Also the name and address of each person or group contributing and the amount.

HB 20

1. Names and addresses of all donors of \$100 or more.
2. Amount of contributions less than \$100
3. Proceeds from dinners, rallies, etc., mass collections at such events, and sales of items such as pins, banners, emblems, etc.
4. Total amount of all receipts.

HB 304

No report of contributions is required.

SB 26

No report of contributions is required.

CSHB 257

REQUIRED INFORMATION-EXPENDITURES

INITIATIVE

1. Total amount of expenditures made or liabilities incurred.
2. Name and address of each person or business to whom an expenditure was made or liability incurred in the aggregate amount of more than \$50 and the purpose of such expenditure.

HB 546

1. Total expenditures for reporting period.
2. Name and address of each person to whom an expenditure was made in an aggregate amount in excess of \$50.

HB 415

1. Name address and occupation of each person to whom an expenditure was made in an aggregate amount in excess of \$50.
2. Total sum of expenditures made during the calendar year.
3. Amount and nature of debts and obligations.

HB 20

No reports of expenditures are required.

HB 304

1. Amount of expenditures grouped by categories.
2. Name and address of each person to whom an expenditure of \$100 or more has been made and the purpose of the expenditure.
3. Total of expenditures.

SB 26

1. Amount of each expenditure grouped by category of expenditure.
2. Total amount of expenditures.
3. Name and address of each person to whom an expenditure was made in an aggregate amount of \$25 or more.
4. Amount and nature of debts and obligations.

CSHB 257

Candidates-elect for the Legislature must file affidavits reporting the amount of expenditures for advertising on television and radio and in newspapers.

REPORTS OF CONTRIBUTORS

INITIATIVE

Within 15 days after an election each person or organization who contributed an aggregate amount of over \$100 shall file a report.

HB 546

Anyone who makes a contribution in an aggregate amount of \$100 or more shall file a report within 7 days. If made within the 7 days preceding an election, the report must be filed contemporaneously with contribution.

HB 415

Persons who make contributions to a political committee or candidate, in an aggregate amount in excess of \$50, must file a statement containing the information required of candidates and political committees. These reports must be filed by the same dates on which reports by candidates and committees are due.

HB 20  
HB 304  
SB 26  
CSHB 257

None required.

REPORTS OF COMMERCIAL ADVERTISERS

INITIATIVE

1. On the 7th day before an election commercial advertisers shall file reports detailing advertising provided through the 11th day preceding an election.
2. Advertising received for an amount exceeding \$500 shall be reported immediately, if made within the eleven day period preceding an election.
3. A second report shall be filed not more than 10 days after an election covering the period from the 10th day preceding the election through election day.

HB 546

1. On the 5th day before an election commercial advertisers shall file reports detailing advertising provided through the 7th day before the election.
2. Within 10 days after an election a second report must be filed detailing advertising provided from the 6th day before the election through election day.

HB 415  
HB 20  
HB 304  
SB 26  
CSHB 257

None required.

ADMINISTRATION AND SUPERVISION OF ACT

INITIATIVE The Lt. Governor is responsible for administering the provisions of this act. In addition there is also created a Watchdog Committee. This committee consists of three members of each major political party plus three persons registered as No Party and one member each from any other recognized political party. All are appointed by the Governor. Members have the power to examine and inspect all records and reports and may place observers in each of the regional elections offices to examine incoming reports. Members also have the right of immediate access to the records of any candidate or committee.

HB 546 The administrative functions of this act rest in the office of the Lt. Governor. There is also a Citizens Committee appointed by the Governor which consists of three members of each political party and three members who are registered as No Party. Committee's function is to observe and inspect reports for possible violations.

HB 415 This bill creates a State Elections Commission which is charged with the responsibility of administering and enforcing the act. The Commission consists of six members, not more than three from the same political party, appointed by the Governor. The Commission is authorized to hire a full-time Executive Director who is responsible for the day-to-day operations of the Commission.

HB 20 Administration of this act is the responsibility of the Lt. Governor.

HB 304 Reports are filed with the Clerk of the Supreme Court in the case of statewide candidates and with the clerks of the superior courts for legislative candidates. The clerks of court are responsible for administering this act.

SB 26  
CSHB 257 Administration of this act is the responsibility of the Lt. Governor.

## PENALTIES

- INITIATIVE
1. Failure to file reports - misdemeanor, fine of from \$1,000 to \$5,000.
  2. Filing report without including required information - misdemeanor, imprisonment for up to one year or fine of \$1,000 to \$10,000 or both.
  3. Exceeding spending limits - misdemeanors. If limits exceeded by more than 5% but less than 15% - fine \$1,000 - \$10,000. If 15% or more - fine \$5,000 - \$10,000. If found by courts to have exceeded limits by more than 15%, candidate's nomination or election shall be declared null and void.
  4. Any other violation not otherwise provided for - misdemeanor, imprisonment up to one year or fine up to \$10,000 or both.
- HB 546
1. Persons who fail to file are liable in civil actions by the State for up to \$10,000.
  2. Filing a report without including required information or filing false or misleading information is a misdemeanor. Imprisonment up to one year or fine of \$1,000 - \$5,000 or both.
  3. Candidate who exceeds limits by less than 15% is guilty of a misdemeanor. Candidate is guilty of a felony if limits are exceeded by more than 15%.
- HB 415
- Violations of provisions of this bill are misdemeanors and punishable by a fine of not more than \$1,000.
- HB 20
1. Violations of provisions are misdemeanors and punishable by a fine of not more than \$1,000 or imprisonment up to one year or both.
  2. The nomination or election of a candidate who violates a provision is null and void.
- HB 304
- Violations of provisions of this act are misdemeanors.
- SB 26
1. Candidates who fail to file reports will not be issued certificates of nomination or election.
  2. Candidates who are elected and subsequently found to have violated provisions of this bill may be removed from office.
  3. Defeated candidates who violate law may be deprived of running for or holding office for a period of six years.
  4. Above penalties are in addition to any imposed under the elections corrupt practices provisions of Title 15.
- CSHB 257
1. Filing a false affidavit is a felony as provided for under existing election law.
  2. If a member's advertising expenditures exceed the maximum amount, he may be expelled by the appropriate house.

## APPENDIX

HB 546

CSHB 257

Governor - Lt. Governor

120,902.40

## HOUSE DISTRICT

1. Ketchikan	4,686.80	2,231.50
2. Wrangell	6,017.60	1,298.50
3. Sitka	6,046.40	1,575.00
4. Juneau	6,307.20	3,818.50
5. Prince William Sound	5,948.00	1,510.00
6. Mat-Su	6,136.00	1,860.00
7. Anchorage - NW	6,210.88	4,024.00
8. Spenard	6,160.53	4,273.50
9. Anchorage - NE	6,175.20	3,158.50
10. Anchorage - South	6,215.00	5,691.00
11. Kenai Cook Inlet	5,908.00	2,480.50
12. Kodiak	6,054.40	977.50
13. Aleutians	5,881.60	247.50
14. Bristol Bay	5,888.80	1,031.50
15. Bethel	6,136.80	1,148.50
16. Yukon Kuskokwim	6,108.00	1,080.50
17. Fairbanks	6,088.53	7,359.50
18. Nenana-McKinley	5,935.20	1,064.00
19. North Slope	6,132.80	1,251.00
20. Bering Strait	6,128.00	1,209.50

## SENATE DISTRICT

A. Ketchikan	6,444.35	2,231.50
B. Sitka-Petersburg	8,294.00	2,873.50
C. Juneau	8,672.40	3,818.50
D. Mat-Su - Prince William Sound	8,307.75	3,370.00
E. Anchorage	68,103.75	19,147.00
F. Kenai - Cook Inlet	8,123.50	2,480.50
G. Kodiak - Aleutians	8,206.00	1,225.50
H. Bethel - Bristol Bay	8,267.60	2,180.50
I. Yukon - McKinley	8,279.70	2,144.50
J. Fairbanks	25,115.20	7,359.50
K. North Slope - Bering Strait	8,429.30	2,460.50

INITIATIVE

HB 578

CSHB 578

WHO MUST FILE

Governor, Lt. Governor, all legislators, each judicial officer, each commissioner, chairmen and members of all state commissions or boards, and each head of a department in the executive branch. All candidates for state elective office must also file.

Governor, Lt. Governor, all legislators, each judicial officer, each full-time member of a state board or commission and the head of a principal department in the executive branch. Each candidate for state elective office must also file a statement.

Same as HB 578.

TO WHOM

REPORT IS MADE

1. Candidates for elective office, legislators, members of boards and commissions, and executive branch department heads file with the Lt. Governor.
2. Judicial officers file with the administrator of courts.
3. The Governor and Lt. Governor file with the Legislative Council.

Same as Initiative

All those required to file do so with the Alaska Public Disclosure Commission, an independent commission within the office of the Lt. Governor.

ADMINISTRATION AND INSPECTION

The Lt. Governor prepares the forms on which reports are to be filed. He may also promulgate regulations to implement and interpret the provisions of this act. No official is authorized any investigative powers.

The Lt. Governor shall prepare forms and promulgate regulations. He may also exercise the same investigative powers available to the Department of Revenue to ascertain the correctness of reports. Evidence of probable violations shall be reported to the Attorney General.

The Alaska Public Disclosure Commission has full administrative powers to implement this act and has the same investigatory powers available to the Department of Revenue. Evidence of probable violations shall be reported to the Attorney General.

EFFECTIVE DATE

If passed by the voters, the bill becomes law 90 days after the certification of the election results.

January 1, 1975

Takes effect on the day after its passage and approval or on the day after it becomes law without approval.

## INITIATIVE

HB 578

CSHB 578

## ITEMS OF REPORTS

1. Source of all income over \$100 received by official or a member of his family during preceding 12 months. Amounts or categories of amounts are not required.
2. Identity of each business in which he or a member of his household was a stockholder owner, officer, director, partner, proprietor or employee during the preceding 12 months.
3. The identity and nature of each interest owned by him or a member of his household in any business during the preceding 12 months.
4. Any real property, including options to buy, owned by the official or a member of his family.
5. Any trust or fiduciary relationship in which he or a member of his household held a beneficial interest during the preceding 12 months.
6. Any loans or loan guarantees made to him or a member of his household and the identity of the maker of the loan or the loan guarantor.
7. List of all contracts or offers to contract with the state during the preceding 12 months bid or offered by the official or a member of his family or household.
8. List of all mineral, timber, oil or any other natural resource leases or lease offers held by him or a member of his household or family during the preceding 12 months.

1. The amount of each item of income during the preceding calendar year in excess of \$100 from any one source.
2. Same as Initiative
3. Any interest owned by him in any business during the preceding calendar year and as of filing.
4. Any interest in real property, including an option to buy, owned by him or by any entity in which he is a partner, officer, or director during the preceding calendar year and as of filing.
5. Same as Initiative
6. The identity of each creditor to whom he is indebted as of the date of filing.
7. A list of all contracts and offers to contract with the state by the official or by a business in which he is a partner, officer, or director during the preceding calendar year.

Where amounts are required, individual items may be reported by the following category of amounts:  
 (1) less than \$1,000 (2) \$1,000-\$4,999 (3) \$5,000-\$9,999 (4) \$10,000-\$25,000 (5) over \$25,000.

If a primary source of income is a partnership or professional corporation, he must include the identity of each person from whom the partnership or corporation received a fee in excess of an aggregate amount of \$1,500.

If the official rendered personal services as a physician, then he need only disclose the amount of income received.

1.-4. Same as HB 578

5. Same except that debts which are incurred as commercial trade accounts in the normal course of wholesale, retail, or manufacturing business are exempt.

6.-7. Same as HB 578

8. The source, nature and value of any gift, the value of which is in excess of \$100, received by the official or his household.

Where amounts are required they may be reported by the same categories of amount as in HB 578.

Income from a partnership or professional corporation is treated the same as in HB 545 only the limit on income to be reported is lowered to \$1,000.

For personal services rendered as a physician or licensed psychologist, the official need only disclose the total amount of income received.

## FAILURE TO REPORT

Any non-elected official who refuses or fails to file a report is guilty of a misdemeanor and shall be fined not less than \$500 nor more than \$5,000. He shall not hold office or be confirmed until compliance is made. If compliance is not made within 30 days he shall be removed from office.

Any elected official who refuses or fails to file is guilty of a misdemeanor and shall be fined not less than \$500 nor more than \$5,000. He forfeits and shall not be paid his salary, per diem, and travel expenses from the due date until he complies.

Candidates who refuse or fail to file shall not be certified as nominated or elected.

Criminal charges and fines are removed for refusal or failure to file.

Same as HB 570

Sections on appointed officials appear to apply only to those appointed but not yet confirmed. They may not be confirmed and forfeit salary, per diem, and travel expenses from the due date until compliance.

The Governor, Lt. Governor, legislators and judicial officers who refuse or fail to file forfeit salary, per diem and travel from due date until compliance.

Failure to report by candidates is not covered by this bill.

## BLIND TRUSTS

An official may transfer all or a portion of his assets to a blind trust. Those assets placed in a trust must be listed in the official's statement. The instrument creating the trust must be included with the statement. For a trust to qualify:

1. assets placed in trust must be marketable;
2. the trustee must be a bank or other institutional fiduciary;
3. the trustee must have full authority to manage the trust;
4. the trust must be completely confidential from the official;
5. the trustee must report any known breach of confidentiality or termination of the trust;
6. trustee must file a statement as required under this act.

Officials may also set up a blind trust however, assets placed in such a trust need not be listed in the financial statement. For a trust to qualify:

Same as HB 578

1.-5. Same as Initiative

6. Omitted

## PROHIBITED ACTS

1. No public official may use his position or office to obtain financial gain for himself, a member of his family, or a business with which he is associated.
2. No person may offer or pay to a public official and no official may solicit or receive money for legislative advice or assistance or for advice or assistance given in the course of the official's employment.
3. No official may represent a client before a state regulatory agency for a fee.
4. Violations are misdemeanors punishable by fines from \$1,000 to \$10,000, up to one year in prison or both.

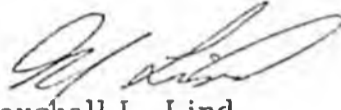
Same as Initiative

Same as Initiative

## MEMORANDUM

State of Alaska

TO: Representative Helen Beirne  
Alaska State Legislature



FROM: Marshall L. Lind  
Commissioner of Education

DATE: April 19, 1974

FILE NO:

TELEPHONE NO:

465-2800

SUBJECT: HCS CSSB 290

I am writing to inform your committee of the Department's support for HCS CSSB 290. We feel that this proposed legislation will be a marked improvement over existing statutory provisions in a number of important respects.

Initially, under current law there exists the possibility of multiple administrative hearings in teacher decertification matters. The proposed act would allow for only one hearing prior to the possibility of judicial review. The elimination of additional administrative proceedings will lead to a substantial saving of time and money, both to the State and the involved teacher without any reduction in fairness. Additionally, the proposed legislation places decertification proceedings clearly under the procedural provisions of the Administrative Procedure Act. This should avoid confusion as to the procedures which apply in decertification matters, thus again increasing fairness and reducing expense to all parties involved.

Another significant provision of the proposed legislation establishes violation of the professional code of ethics adopted by the Professional Teaching Practices Commission as a separate ground for suspension or revocation of a teaching certificate. Since the code of ethics under this bill must be promulgated through APA procedures, it would appear most beneficial to make violations thereof an independent ground for decertification, rather than requiring (as do the existing statutory provisions) that ethical violations be read back into one of the three causes for revocation which currently exist in AS 14.20.030.

While this legislation does provide more or less parallel authority between the Commissioner and the PTPC to investigate suspensions or revocations of a teaching certificate, ultimate authority to approve all decertification decisions is left firmly with the Commissioner. This final check should prove a valuable additional safeguard to everyone involved in such matters. At the same time, the PTPC will be given a clear mandate to act within the area of its expertise.

I trust that this information clearly states the Department's reasons for supporting the proposed legislation.

# STATE OF ALASKA

## DEPT. OF ENVIRONMENTAL CONSERVATION

WILLIAM A. EGAN, GOVERNOR

POUCH 0 — JUNEAU 99801

February 28, 1974

HB-713

The Honorable Clem V. Tillion  
Chairman  
Judiciary Committee  
Alaska State House  
Pouch V  
Juneau, Alaska 99801

Dear Representative Tillion:

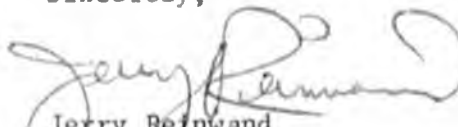
On February 25 House Bill 713 was introduced and has been referred to your Committee.

The Department of Environmental Conservation has some very strong objections to this bill as it has the potential to cause the State some very serious problems with the U. S. Environmental Protection Agency's requirements and national environmental legislation. In addition, we believe the bill would seriously hamper the effectiveness of the Department.

Commissioner Brewer is out of town participating in the Joint Federal-State Land Use Planning Commission meetings, and has asked me to request that the Department be given ample lead time to prepare for any hearings you may hold on H.B. 713.

Thank you very much for consideration of this matter.

Sincerely,

  
Jerry Reinwand  
Deputy Commissioner

*News Miner - March 2, 1973*

## Tillion bill requires catastrophe insurance

JUNEAU (AP)—Rep. Clem Tillion has introduced a bill to require all Alaskans to carry catastrophe health insurance governed by a Health Security Commission.

The Hailbut Cove Republican said, "the burden of meeting the costs of illness and injury... (has)... severely detrimental effects upon the welfare

of many... families in the state."

His bill would create the Alaska Health Security Commission, which would be charged with implementing a workable plan within the broad outline furnished in the bill.

Tillion says the purpose "is to assure persons carrying a specified minimum of prepayment health service or health indemnity insurance that there will be adequate coverage of expenses of loss or illness exceeding the limits of the prepaid coverage."

In other words, Tillion said, the catastrophe insurance would supplement the "normal" costs which are paid under private insurance plans.

If a person had no insurance of his own, the catastrophe insurance could be used only after his expenses exceeded \$10,000 in a calendar year.

Cost of the program, \$4 per month, would be deducted from every Alaskan wage earner's paycheck.

Tillion said he felt the bill might be held over this session for in-depth study prior to the legislature's convention next year.

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Fairbanks Insurance Division  
Frank B. Hall & Co.

HB-280

SECOND FLOOR, MT. MCKINLEY BUILDING  
BOX 1164 • 530 - 4TH AVE., FAIRBANKS, ALASKA 99707 • 452-5161

March 8, 1973

Honorable Clem Tillion  
House of Representatives  
State of Alaska  
Pouch V  
Juneau, AK 99801

Re: Alaska Health Security Commission

Dear Representative Tillion:

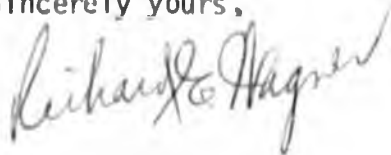
I was intrigued by the attached newspaper article of March 2, 1973, wherein you have proposed a catastrophe medical insurance plan to be carried by all wage earners within the state with a \$10,000 deductible.

For your information I am attaching a brochure from one of our companys indicating that we can write a \$100,000 Major Medical Catastrophe Policy with no internal limits subject to a \$10,000 deductible for much less than your figure of \$48 per year. In fact the average premium would probably work out somewhere between \$27 and \$30 per year.

If you wish we would be happy to furnish this protection to any and all wage earners within the state of Alaska which would then eliminate the need for your bill.

I would appreciate your review of the attached and any comments you may wish to make.

Sincerely yours,



Richard E. Wagner  
REW/pw

cc: All Fairbanks Legislators

HB-372  
#306 Mendenhall Apts  
326 4th Street  
Juneau, Alaska 99801

March 21, 1973

Re: House Bill No. 372

Representative Richard Randolph  
Chairman of the Commerce Committee  
House of Representatives  
Pouch V Capitol Bldg.  
Juneau, Alaska 99801

Dear Representative Randolph:

As Real Estate appraisers we find several points in the proposed law objectionable; objectionable in that instead of upgrading the appraisal profession it will do the opposite. Not only will the unqualified be licensed, but the State will lend its prestige and support to them by the very act of granting them a license.

Following are some of the points in questions. Sec. 08.89.010(b). Re the Real Estate Appraisal Commission. This only states that three members will be qualified appraisers. On what basis will they be considered qualified? Would it be the mere fact that they have sporadically engaged in the appraisal profession as a sideline to a brokerage business, or that the FIA or VA has certified them? This level of experience does not make appraisers. The three appraisal commissioners should be members in good standing of the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers with a professional designation of not less than MAI or SRPA.

Sec. 08.89.080 (c). This section attempts to exclude appraisers who are not residents by making it uneconomic for them to accept proposals for occasional work. The better qualified appraiser habitually engages in business in many areas. The attempt to eliminate first rate competition is most glaring here. Since most public agencies utilize federal funds in land acquisition, it is questionable that qualified US citizens can be kept out of Alaska by such a transparent method.

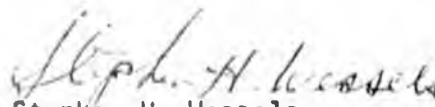
Sec 08.89.110 (2) (b) (c) a minimum of two courses from either the American Institute of Real Estate Appraiser's or Society of Real Estate Appraisers. These two courses being 1A & 1B or 101 and 201 respectively, or instead of 1B or 201, one of the more advanced courses of offered by the above two professional organizations.

(3) Real Estate business should be deleted. Many brokers advertise themselves as appraisers who are not qualified. Unless the paragraph is clarified many unqualified persons will be licensed.

Sec 08.89.100 Any test devised should be standard, given to all applicants. This test should be made by designated members of the Alaska chapter of the Society of Real Estate Appraisers the same as the Alaska Bar makes up the test for lawyers. That a person having passed the American Institute courses 1A & 1B, or 101 & 201 of the Society's, would have qualified as far as any written test is concerned.

Sec 08.89.120 This is purely and simply the "Grandfather Clause" and innumerable professions have lived to regret their inclusion of this in a licensing act. It sometimes takes years to weed out the unfit who "grandfathered" in. There should be no period of grace. All should have to take this exam, including those working for public agencies.

Yours truly,

  
Stephen H. Wessels

cc: Rep. Clem Tillion  
Chairman of the House Judiciary Committee



# CITY OF NOME

P.O. BOX 281 - NOME, ALASKA 99762  
TELEPHONE (907) 443-5242

March 19, 1973

HB-45

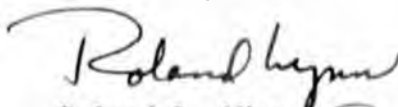

Clem Tillion  
Chairman  
House Judiciary Committee  
Alaska House of Representatives  
Pouch V  
Juneau, Alaska  
99801

Dear Mr. Tillion:

I received a copy of CSHB 45 relating to motor vehicle inspection and am quite concerned. It appears that City owned motor vehicles would be subject to inspection and other requirements set forth in this bill. The City has a vehicle inspection program for City owned vehicles as a part of our regular maintenance program. Passage of this bill would cost the City of Nome a great deal of money when one considers the expense of the driver and loss of use of the vehicle during the time required for the inspection.

I humbly request that this bill be amended so that it will exclude City owned motor vehicles.

Very truly yours,

  
Roland D. LYnn  
City Manager 

RDL/ih

cc: Chuck Degnan  
Willy Hensley

HB-187

**FISHER & HORNADAY**

ATTORNEYS AT LAW

KENAI PROFESSIONAL BUILDING - P. O. BOX 397

KENAI, ALASKA 99501

PHONE: 283-7564

283-7565

JAMES E. FISHER  
JAMES C. HORNADAY

21 March 1973

HOMER OFFICE - MADEMOISELLE BLDG.  
HOMER, ALASKA

SEDOVIA OFFICE - JACK ENGLISH BLDG.  
SEDOVIA, ALASKA

Senator Bob Palmer  
Pouch V  
Juneau, Alaska

✓ Representative Clem Tillion  
Pouch V  
Juneau, Alaska

Representative Hugh Malone  
Pouch V  
Juneau, Alaska

Re: No-fault

Gentlemen:

On behalf of the Kenai Peninsula Bar Association, the following comments are offered in regards to Committee Substitute for House Bill No. 187 which has been passed by the Alaska House of Representatives. At the outset, I would emphasize that I do not consider myself an expert on no-fault insurance. The figures used are approximate and I would hope you would find the information of assistance in your consideration of this legislation.

The concept of no-fault insurance provides an immediate philosophical problem in that it removes the right of an individual to utilize the Courts of the State of Alaska. Further, it appears to be another giant step down the road towards socialism as it very definitely adds another government control. It is quite possible the next step after no-fault will be a State operated insurance system. In spite of the philosophical problems, the Kenai Peninsula Bar Association does believe that a form of no-fault insurance would be appropriate which would realistically reduce the costs of insurance premiums and still retain the basic elements of tort claims. We believe this is in the best interest of the public.

The history of the bill as I understand it, is as follows: The House Commerce Committee originally considered HB 187 which was the Governor's Bill. This bill provided thresholds of \$30,000 for economic loss, \$50,000 for medical and a \$5,000 threshold on medical before suit for pain and suffering. Property damage was excluded.

No-fault  
Page 2  
21 March 1973

The Commerce Committee amended HB 187 and provided a mixed threshold of \$15,000 for economic and medical and a \$2,000 threshold on medical before suit for pain and suffering. This was a substantial reduction in thresholds. However, it was not close to the position of the Bar Association which supports a mixed threshold of \$3,000 for economic and medical and a \$500 threshold on medical before suit for pain and suffering.

We believe that the position of the bar association, if accepted, would take care of a substantial number of accidents and would still retain basic constitutional rights to utilize the Court system on major accidents.

The Commerce Committee Substitute for HB 187 passed to the House Judiciary Committee and passed out of that committee unchanged.

On the floor of the House substantial amendments were made. As the bill now stands, there is a \$15,000 threshold for economic loss, unlimited payment of medical expenses, and property damage is covered.

I am informed that the insurance industry testified that they could not predict costs without experience. At best, actuaries for the American Mutual Insurance Alliance say that a mixed threshold of \$5,000 on economic and medical and a \$1,000 on medical before suit for pain and suffering would probably not cost any more in premiums. If the present bill becomes law, almost everyone agrees that premiums will be substantially increased.

I am informed that some members of the House apparently were not concerned about the costs and that some members readily admitted in debate that no one had any idea how much the package would cost.

Other problems in the bill appear to include the following:

- a. No recovery for the first 7 days for economic loss
- b. A weekly benefit limited to \$250 minus what is received in Social Security and Workmen's Compensation and up to 15% for income tax.

Property damage is now included and if the figures available to me are correct, this type of coverage generally accounts for somewhere between 1/2 - 2/3 of insurance premiums.

No-Fault

Page 3

21 March 1973

We definitely oppose Committee Substitute 187 as it was passed by the Alaska House of Representatives as we believe it would be severely detrimental to the people of Alaska. The only realistic figures available on no-fault insurance are those from Massachusetts. Dr. Calvin Brainard of the University of Rhode Island recently did a study on the results of the Massachusetts no-fault plan. His article appeared in a symposium in the Mississippi Law Journal, which included articles favoring and opposing no-fault insurance. It was generally advertised that no-fault would result in increased claims and increased payments to individuals. However, the experience in Massachusetts indicates that claims were down 42%. The probable explanation for this reduction is that the insurance industry is not in total control of this aspect of the insurance business and individuals are not able to receive their full recovery because of this control by the insurance industry. While the number of claims were reduced by 42%, insurance premiums were reduced only 20%. This latter reduction came only after insurance industry was required to reduce premiums. The insurance companies did not reduce premiums voluntarily.

We would urge you to carefully consider each clause of the no-fault legislation as it is now before you. We would urge that you support a mixed threshold of \$3,000 for economic and medical and a \$500 threshold on medical before suit for pain and suffering as well as considering the possibility of including property damage coverage.

Thank you for your attention to these matters.

Very truly yours,

JAMES C. HORNADAY, Chairman  
No-Fault Committee  
Kenai Peninsula Bar Association

Mr. Clem Gillin

Dear Mr. Gillin

I am going to dedicate this letter to all the pioneers of this great country of ours, past, present and future.

We live in the greatest country in the world and we shouldn't lose sight of the fact that we owe a lot of it to the pioneers that settled on the land and helped build this country of plenty that we live in today.

My Dad was one of those pioneers that crossed the Atlantic in a Viking sailboat and navigated the prairies in a covered wagon. He had a lot of frontier blood in his veins. He owned several farms but after he was 60 years old he figured things were getting too crowded so he moved up to Western North Dakota and built up a nice farm there. So that's where I was born and raised and lived until I came up to this last great frontier in 1946.

So much for the past, I better get on with the present situation.

After I saved up enough money working in Alaska, I went "homesteading" and proved up on some level land about a mile north of Big Lake in 1961. I also bought a couple more pieces of land, one North of Wasilla and another piece a few miles North of Palmer from the State of Alaska, which brings my farm acreage up to 605 acres.

Before I go on any further I would like to go back to the past again a few years and call your attention to something I have in my possession. Its a copy of "The Alaska Sportsman" dated February 1961. In this magazine there is an article, "How to Acquire Land in Alaska," written by Roscoe E. Bell, Director, Division of Lands, Department of Natural Resources, State of Alaska. Let me quote you a few excerpts from this article: "The State enters the land business"--"Acreage limitation 640 acres per person." "If a homesteader elects to buy his homestead on contract (10% down and the balance to be paid in annual payments over the next 1-10 years) he may earn credits by making certain improvements and applying these credits to the annual payment in money.

"The credits a homesteader may receive for the work undertaken in connection with the lands in his contract are as follows:

- (1) Land brought to cultivation (including clearing and drainage when necessary) . . \$40.00 per acres.
- (2) Fencing - \$3.00 per 100 feet.
- (3) Permanent family dwelling - \$4.00 per square ft. not to exceed 1,000 feet.
- (4) Farm buildings \$2.00 per square ft. not to exceed 1000 ft.
- (5) Well producing water for domestic use - \$5.00 per ft.
- (6) Access road - \$500 per mile not to exceed \$1,000."

Well I never did hear of anyone getting in on that program but anyway it is quite apparent the State intended to promote agricultural development on at least some of this 105 million acres that they had bequeathed from Statehood and other acts of Congress.

Last year I spent 6 continuous months on my farm, clearing land, planting, fertilizing and harvesting crops (I put up over 500 bales of hay). I also built some more farm storage facilities, cut fence posts, etc. laid power lines, etc. I own two tractors, a line of farm machinery and a D-6 cat for land clearing. The other 6 months of the year I was out working for wages to pay my debts to the State of Alaska for the land I bought from them.

I have explained all this to the Matanuska-Susitna Board of Equalization and the Assessor but they will not accept the fact that I have a farm, but are assessing my property on some speculator's basis.

When I met with the Board of Equalization, they agreed with me that this was a "bum" farm law you had passed down in Juneau, but ~~it~~ it was the law, there was nothing they could do about it. When I talked with the Assessor he suggested I could sell out.

Things wouldn't be quite so difficult for us pioneers that are trying to develop the natural resources of the country if you people in the government

that make the laws we have to live by would make up your mind in the first place just what you really want to do. First you go along with us in developing the land for agricultural purposes, then a few years later when the speculators come along you decide on a different deal and then slap such exorbitant taxes on our land that we are forced to sell out to them.

Last spring the Mat-Su Borough sent to all of us taxpayers a question and answer brochure informing us about this new system of taxation. Here is one of the typical questions and answers:

"Question: What has caused the increase in values?

"Answer: Any number of things. During the period of our last reappraisal in 1968 the area was in an economic slump. Premier and Jonesville Mines had recently closed and Matanuska Maid had moved to Anchorage. Since that time the road to Anchorage, Fish Hook Road, Goose Bay Road and the Anchorage-Fairbanks highway have all been improved. Snow machines have increased the season for recreational cabin use. More people want a place in the country."

I get the message that the Mat-Su Borough could care less about the development of agriculture in the Matanuska Valley. If one's farm is not in a stage of development where you can qualify for this new farm law, the best thing to do is sell out and see all your accomplishments go down the drain, turn all fields that are producing food and fiber to feed the country back to nature so that people in town can have a place to have fun and run around in their snowmobiles.

Let me give you some figures here for the sake of comparison. My wife owns an acreage of land in Western North Dakota which she recently inherited. She leases this land out and realizes an income from it. I would say offhand about 1/3 is in cropland and the rest in grazing and hayland. Some of the best grazing land in the United States and in the world for that matter is in Western North Dakota and Eastern Montana. I remember we used to turn our horses out in the fall on the open range and probably wouldn't see them again until we rounded them up to do the springs work. We never knew what it was to put fertilizer on the fields like they do here and I helped to thresh many bumper crops.

Taxes in North Dakota on 1240 acres:

1972 due Feb. 15	\$461.15
1973 due Feb. 15	476.51

Taxes in Alaska on 605 acres, which includes approximately 100 acres of swamp lands:

1972 due Feb. 1	\$427.29
1973 due Feb. 1	<u>\$1,359.18</u>

In closing I would like to list 10 good reasons why this farm law we now have should be abolished:

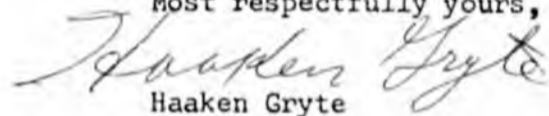
1. Farm bill discourages any development of farming in Alaska.
2. Due to a farmer's way of life, he should not be required to prove every year that he earns a certain percentage of his income from the farm. Crop failures, poor crops, crop rotation for better management and higher yields can affect yearly income. A farmer should not be required to "mine" his farm to meet certain goals.
3. If a farmer is actually engaged in developing his land as a farming unit and his personal property tax forms indicate he has equipment to run a farm, his land could be placed in an agriculture category and he can run his business as he sees fit.
4. We should be more ecology minded. Some of our better farm lands are in the Matanuska Valley and all this land should not be used for subdivisions.
5. Land along the railbelt less suitable for farming, yet ideal for subdivisions, should be made available for that purpose.
6. After the oil boom then what? Farm development has been a slow business in Alaska but lets keep at it. We do need something to stabilize our economy.
7. Look at things on a long-term basis. 100 years from now, will Alaska still be shipping all its foodstuffs from elsewhere as it is today?

8. Money isn't everything and it is really only a means of exchange. True worth is in our natural resources and how we develop them.

9. Too many people in one area is not good for the environment. Leave some farm land. I understand there are now over 1800 subdivisions listed in the Matanuska-Susitna Borough and there will be a lot more if you don't change the laws so the people developing the land for agricultural purposes can survive.

10. Back in 1776 a group of our pioneering forefathers got together and wrote up a document they called "The Declaration of Independence." Here is one clause from that document: "We hold these truths to be self evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights that among these are Life, Liberty and the pursuit of happiness." Some of them fought and died for that cause. When we make laws, lets keep "The Declaration of Independence" in mind and keep this a free country for people to live in.

Most respectfully yours,

A handwritten signature in cursive script that reads "Haaken Gryte". The signature is written in dark ink and is positioned above the printed name.

Haaken Gryte

1511 L Street  
Anchorage, Alaska, 99501



*International*

*Polar air crossroads of the world*

# CITY OF ANCHORAGE



# ALASKA

POST OFFICE BOX 400  
ANCHORAGE, ALASKA  
99510

March 12, 1973

HB-45

Honorable Clem Tillion, Chairman  
House Judiciary Committee  
Alaska House of Representatives  
Pouch V  
Juneau, Alaska 99801

Dear Clem:

Subject: CSHB 45, Relating to Motor Vehicle Inspections

I am advised by the City Attorney, John Spencer, that CSHB 45 would subject City-owned motor vehicles to the inspection and other requirements of this bill.

The City of Anchorage has 600 motor vehicles. We have a regular motor vehicle inspection program for City-owned vehicles. To subject our motor vehicle fleet to the inspection proposed in CSHB 45 will accomplish no useful purpose and would put the City to great expense. The expense of the fees prescribed in the bill is only a small part of the cost. The expense of the driver and loss of use of the vehicle during the time required for the inspection would amount to many thousands of dollars.

We request this bill be amended to exclude municipally-owned motor vehicles.

Sincerely,

*Robert E. Sharp*  
Robert E. Sharp  
City Manager

RES/jry

cc: Chairman Carrol, House Committee on Community and Regional Affairs  
Chairman Rader, Senate Committee on Community and Regional Affairs  
City Attorney  
Dept. of Public Works



Rep. Clim Tillion,

Will you PLEASE suport  
this petition?

C. D.

Chuck Dix  
1426 "O" Street  
Anchorage, 99501  
Phone: 272-2282

(RETAIL LEVEL ONLY)

RESOLUTION TO CURTAIL THE SALE OF ALL TYPES OF LIQUOR

BECAUSE OF THE EPIDEMIC LEVEL OF PROBLEMS CREATED by the sale and consumption of alcoholic beverages throughout the State of Alaska, we the undersigned do hereby petition the 1974 Alaska State Legislature to enact and pass into law a uniform closing law covering all of the liquor distributors who are licensed in the State of Alaska, and who are under the jurisdiction of the Alcoholic Beverage Control Board of Alaska.

Therefore be it resolved as follows:

1. Monday through Friday.

There shall be no alcoholic beverages sold, served or dispensed during the hours of 1:00 A.M. until 12:00 noon by any liquor distributor who is under the jurisdiction of the Alcoholic Beverage Control Board of Alaska.

2. Saturday and Sunday

There shall be no alcoholic beverages sold, served or dispensed during the hours of 2:00 A.M. until 12:00 noon by any liquor distributor who is under the jurisdiction of the Alcoholic Beverage Control Board of Alaska.

3. Election Days.

There shall be no alcoholic beverages sold, served or dispensed during the hours of 1:00 A.M. until 8:00 P.M. by any liquor distributor who is under the jurisdiction of the Alcoholic Beverage Control Board of Alaska.

Respectfully submitted,

Chuck Dix

Chuck Dix

Clem - Got your vigorous declaration against  
flaring - now what are or have you doing or  
done to curtail or stop it. Charlie

Richard Bort

warn that it is only a matter of decades before we ruin the oceans unalterably, most scientists remain unwilling to return any cosmic verdicts on the ultimate fate of life in the sea.

Still, the data coming in from various scientific sources during the past couple of years has begun to paint a more alarming picture. Investigations of the effects of various contaminants are beginning to reveal problems of a far wider scope than heretofore realized, regarding not only the sheer volume of marine contamination but its extremely poisonous effects on the environment as well.

Oil provides a graphic example. Ironically, though the most visible and highly publicized form of marine contamination, oil traditionally has been thought by the scientific community to have little harmful effect on the marine ecosystem. As late as their 1971 meeting in Rome, the Joint Group of Experts on the Scientific Aspects of Marine Pollution (GESAMP) concluded that "a single heavy contamination of the flora and fauna of the intertidal zone has a negligible effect [on marine life]." Most studies of oil spills rely on subjective visual measurements or else on statistical analyses of adult fish; this has led to the belief that spills do little biological damage to the seas. Indeed, since oil spills do seem to disappear after a couple of weeks, many scientists have concluded that a combination of evaporation and biological degradation of the oil rids the water of contamination after a very short period of time.

More recent, sophisticated studies have effectively challenged this view. At the Woods Hole Oceanographic Institution, for example, an interdisciplinary group of scientists has studied over a period of almost four years a small oil spill that took place in Buzzards Bay, Massachusetts. Studying not adult fish but the subtidal organisms that live in the marine sediments and cannot swim away from the contamination, the Woods Hole group established three important findings: The oil persisted in the environment far longer than had been thought possible, it continued to spread over the ocean floor months after the accident, and its toxic effects on wide varieties of marine life lasted not for days or weeks but for months or even years.

The immediate kill in the heavily affected area of Buzzards Bay was, as expected, virtually complete. Some 95 percent of the fish, crabs, lobsters, clams,

and other invertebrates were dead within hours of the spill. What was unexpected was the spread of the oil in the sediments beneath the surface. Immediately after the accident, a control station was set up beyond the area of expected contamination. Within three weeks oil was found at this station, along with a lot of dead marine organisms. A second control station twice as far from the shore was then established, and it, too, was overtaken by oil spreading on the ocean floor with still another kill of bottom-living animals. Eight months after the spill, the polluted offshore area had grown to ten times the area initially affected, eventually covering twenty-two square kilometers of offshore water, tidal river, and marsh.

Thus, although shortly after the accident the area returned visually to its former state of natural beauty, chemically and biologically the ill effects of the spill still were present over a large area of the shore line. A year of evaporation and bacterial action on the oil did not remove many of its most highly toxic components. Young blue mussels that were affected by the spill in 1969 were sterile in 1970; oysters that had been contaminated by the oil were kept in clean, running sea water for six months; yet a substantial residual component of fuel oil remained in their tissues at the end of that time. In all, the evidence added up to a far more incriminating picture of the problems of oil than had been envisaged.

Still, the scientists at Woods Hole steer clear of anything resembling an apocalyptic judgment. "Our understanding of this problem is very meager," says Dr. Howard Sanders. "It's extremely dangerous to make these self-satisfied and assured statements that are way out. It may even be that the economic aspects of this are of overriding importance. But we still have to find out what the effect is. That's the important thing."

BUT ONE NEED be no prophet to see that the problem threatens to get worse, not better. Already signs are evident that certain types of contamination are becoming global in scope. Golf ball-sized pieces of tar, formed from the heavier, more viscous components of oil, have been found in massive proportions throughout the Atlantic Ocean, affecting some 665,000 square miles of surface water. Last summer, widely scattered research vessels on duty between Cape Cod and the Caribbean repeatedly found their



power plant with its harvest of dead fish.

to hear about, but they do not inspire worldwide alarm. Who, after all, can estimate the requirements of the human advance? If every death or environmental dislocation were allowed to stop progress, mankind never would have arisen from the Stone Age. Even now, marine biologists are reluctant to talk of anything except local effects. "The fact is that we don't understand what happens to the ocean when we pollute it with anything," says Dr. Guy McCloud of the New England Aquarium. Though there are some like Jacques Cousteau, who

NOTE: From the above Woods Hole Oceanographic Institute investigation, it appears that oil pollution below the water surface is far more<sup>15</sup> lasting and devastating than is obvious on the surface and beaches.

Charlie Parker, Box 349, Soldotna

(copy sent to Bob Moss & Robinson of Homer)

**NOTE: This does not mean we should necessarily ban or discourage new people, but that we should face the consequences more realistically.**

history tick? How valid are any predictions?

Although the scope of the social indicators is more modest than that of the state variables, they raise some of the philosophical questions. What really are good social indicators?

There are, however, a number of differences as well, and they were elucidated by one of the participants in the seminar. The state variables are more projective, the social indicators are more normative; the former are more physical, the latter more socio-political; the former are — or at least purport to be — value-free, while the latter, assuming values as well as creating them, are highly political and ideological.

Social indicators are themselves agents or instruments, either of the maintenance of the status quo or of change. Here is a simple example. You can measure the development of nutritional standards in country *x* with two different indicators. One is the consumption of calories per person; the other is the percentage of the population which has its basic caloric needs satisfied. Thus, the relative position of the United States and of Cuba in the Western Hemisphere varies greatly depending on which indicator is chosen. If you choose the first indicator, the United States is at the top; if you take the second, Cuba is superior.

So the search is on for indicators which enhance social, economic, and political development and measure and advance peaceful change. It is being widely pursued not only by governments and intergovernmental organizations but by institutions of learning. It is our hope that a systematic study of world social indicators will help to set concrete goals for world order, and that they will accelerate as well as measure the kind of change that is necessary if we are to survive. But whether we will actually get the type of institutions needed to cope with the current changes in the nature of international relations and the nature of war and peace depends, of course, not so much on scholarly inputs as it does on political will and action.

*Mrs. Borgese is a Senior Fellow of the Center.*

## Tom McCall (Governor of Oregon)

### KEEPING OREGON GREEN

Recently the Chamber of Commerce of Salem, Oregon, presented in its bulletin the "value" of one hundred new employees to a community. It recited these alleged gains: 296 more people, 112 more households, fifty-one more school children, \$590,000 more personal income per year, \$270,000 more bank deposits, 107 more passenger cars registered, 174 more workers employed, four more retail establishments, and \$360,000 more retail sales per year.

The "super plus" in all of this is said to be the \$360,000 additional retail sales per year. Obviously the Chambers of Commerce of this land have not been paying attention to the problems created by one hundred new employees, problems that surpass by far the benefit of \$360,000 more retail sales per year.

In Oregon, 112 more households represent three more subdivisions. They put new — usually unexpected — pressures on the schools. Some of these people will require social services offered by their government — vocational rehabilitation, aid to the blind, alcoholism counseling, special care for the mentally ill. More demands are put upon the police, firemen, and the courts.

A study in Denver showed that each new resident in a metropolitan area costs taxpayers already present in the community more than twenty-one thousand dollars in capital improvements alone. Multiply that by the 296 more people accompanying one hundred new employees in a community and the taxpayers are faced with a long-term debt of more than six million dollars. It would be a long time, and perhaps never, before the community could pay the cost of attracting one hundred new employees.

Sometimes, to provide gainful, interesting employment for its own young people — and prevent a brain drain to other states — it is sensible to recruit clean, progressive industry. But only in that context can one defend the increased taxes resulting from new

employees. Given the temper of our time, few people would vote for higher taxes if they understood that they were needed primarily to enable retailers to make more sales.

Aside from the growth-money syndrome, unlimited growth outward from existing centers of population is self-defeating. The core city, and even the concentric circle immediately outside the core, must be preserved. But the inevitable growth is outward and onward. Development comes so fast that sources of gravel required by the cement industry are covered over before the gravel can be extracted. And inevitably economics calls for more and more tract houses and apartments — i.e., instant slums.

The land beneath these projected, but environmentally unplanned, developments is not lost forever. But it has been abused and lost to more valid purpose for our lifetime. The uninhabitable then becomes habitable only by going somewhere else for the weekend, the week, or the month. To retrieve their dreams, Americans have become the leading nomads of the world, thus putting even more pressure on the land where their wanderings take them.

In 1972, Oregon was host to ten million tourists, a number five times the population of the state. It was a record, but even before it was reached we had begun to wonder openly about the limit. How many feet can walk upon a state before the scenery and resources the visitors came to enjoy are trampled underfoot?

As close as we are to zero population growth, there will be an annual population increase until well into the twenty-first century.

As young people become taxpaying, wage-earning adults, they need a place to live. The pressure for land to build a home on will intensify. Unless we prevent it, the first land to be used will be the fertile farmlands. Economically, it is better to build on flat ground and rolling hills than it is in the shaggy rocks, but only in a limited perspective. In the long run, the cost of losing magnificent farmland is immense and eternal.

It is true that people have to live somewhere. But it is not true that they will continue to accept the dullest offerings of vapid thinkers. It is possible

# Learning to think small <sup>News</sup> 7/15/71

(So what's the hurry about growing too big too fast?)

By ANTHONY LEWIS

© 1971 New York Times

LONDON — One of the most original thinkers in Britain is a sociologist named Michael Young. Sociologist is really too dusty a word: Young is a provoker of new social ideas and organizations.

He started the consumer movement in Britain. His idea for education by television has flowered in the Open University. His book, "The Rise of the Meritocracy," showed in utopian satire how those who rise to power on merit may be as intolerant and stifling as the old aristocracy.

IN A SPEECH the other day Young sounded an important new theme. Or, rather, he transformed an old one by the fresh, almost paradoxical method of his argument. He made the case for smallness in human organization.

For a long time, he said, we have believed that bigness brings efficiency in business and government. To gain economies of scale we have accepted the remoteness and impersonality of large organizations.

"Whenever anything goes wrong," Young said, "growth is the stock remedy." The tilting automobile company is enlarged by merger. Government ministries are combined into a super-department. Local governments are expanded to cover large areas. We build huge schools and universities.

BUT THE remedy no longer works, Young said: "It is fine for computers and other machines. They thrive on size.

## Lewis' column

But for a large complex of people the whole has become less than the sum of its parts . . . there is hardly a large organization in the country which has not gone downhill over the last quarter of a century."

He asked: Was the British Post Office as efficient as it used to be? The B.B.C.? The Labor party? The University of London? The Royal Air Force? He knew that his listeners would answer no. And he added some telling American examples: The Bell Telephone Company, the U. S. Army, New York City, the University of California.

"Almost all large bodies," he said, "have become afflicted by a new wasting disease, giantism."

WHY DOES growth bring inefficiency? Young said the answer was simple. The old idea of individual freedom and integrity had grown stronger in our century, he said, and increased civil liberty and social welfare. But that made large organizations hard to manage:

"Bigness can only work if people are willing to accept orders coming from the top. This they are becoming less and less willing to do, orders seem to conflict with the old notions of human dignity in their new, even more individualist form."

Big organizations had become aware of the problem, Young said. They tried to obtain cooperation by communication. But they had to spend so much time "passing information up and down and sideways that nothing much else is done besides just communicating."

ALL THOSE who have been in large bureaucracies will recognize the disease described by Michael Young. But his cure will still be hard for many to accept: "Seize every opportunity to reduce the scale of organization. Make things smaller, not bigger, in industry and in the public services, and often efficiency as well as humanity will be enhanced."

Britain does have some of the symptoms of giantism, especially the tendency of politicians and businessmen to equate size with prestige. But things are not too bad. Local committees and controlling boards in many kinds of public affairs provide a human scale. And the small physical size of the country itself gives her a great advantage in encouraging community.

Young's analysis has more urgent and more poignant meaning for the United States. We are a continental country and have always been so proud of that—what middle-aged American does not remember thrilling in the sweep of America across the map? And in so many ways we have worshipped size: big business, Whitmanesque landscape, even giant apples and strawberries.

AND NOW we know it does not work. The citizen begins to feel what Young articulates. The big businessman tries to find ways of allowing smallness and initiative inside the huge corporate structure. The federal government looks for new relationships with localities and states. There is a vague striving for "participation."

History and the constitution raise obstacles to real reform in the United States. We know that we ought to give more power to local governments, but they are so often the wrong kind of government, in the wrong place. As an alternative to a true return to smaller institutions, we consider such ideas as revenue-sharing, but they founder in the complexities of our illogical political boundaries.

In the end we may have to come to radical change in political structure and business ideology. Right now it is enough to begin by recognizing the renewed truth of what Louis Brandeis taught about the curse of bigness.

Liberals used to think of the Brandeisian view as holy but anachronistic. Only centralized power, we thought, could overcome the lethargy and selfishness and corruption in American life. Well, we have found that small institutions not only encourage human values of an old-fashioned kind but actually work better. And that discovery marks, as Michael Young says, "a profound change in human affairs."