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SENATE STATE AFFAIRS



**National
Transportation
Safety Board**

Safety Information

Washington, D.C. 20594

TESTIMONY OF

KEVIN E. QUINLAN

CHIEF, SAFETY ADVOCACY DIVISION

NATIONAL TRANSPORTATION SAFETY BOARD

BEFORE THE STATE AFFAIRS COMMITTEE

ALASKA SENATE

ON

SENATE BILL 87

PRIMARY SEAT BELT ENFORCEMENT

JUNEAU, ALASKA

FEBRUARY 18, 2005

Good afternoon Chairman Therriault and members of the State Affairs Committee. I regret that I cannot be with you in Juneau today.

The Safety Board wants to commend you for considering this measure that will so easily save so many lives by better protecting motor vehicle occupants from crash-related deaths and injuries.

The National Transportation Safety Board is an independent Federal agency charged by Congress to investigate transportation accidents, determine their probable cause, and make recommendations to prevent their recurrence. The recommendations that arise from our investigations and safety studies are our most important product. The Safety Board has neither regulatory authority nor grant funds. However, in our 37-year history, organizations and government bodies have adopted more than 80 percent of our recommendations.

The Safety Board has recognized for many years that traffic crashes are this nation's most serious transportation safety problem. Every year, more than 90 percent of all transportation-related deaths are caused by highway crashes. The single greatest defense against highway fatalities is the seat belt. When used properly, seat belts reduce the risk of fatal injury to front seat passenger vehicle occupants by 45 percent.

Unfortunately, seat belt use in the United States remains significantly lower than seat belt use in other industrialized nations. Australia and Canada, for example, have use rates over 90 percent, while seat belt use in the United States is approximately 80 percent. Although 49 States require motor vehicle occupants to use seat belts, 28 States, including Alaska, allow only secondary enforcement of their seat belt laws. Secondary enforcement means that police officers cannot issue a citation for a seat belt violation unless the vehicle has been stopped for another reason.

The Safety Board recommended in June 1995 that States enact legislation that provides for primary enforcement of seat belt laws. In 1997, the Safety Board again called for the States to enact primary enforcement and to provide the political will that will enable law enforcement agencies to vigorously enforce this important lifesaving law. The Safety Board maintains a Most Wanted list of safety recommendations because of their potential to save lives. Primary Enforcement is one of the issues on that list, the one with a greater potential to save lives than any other on the list. It also has more potential to save lives than probably any other piece of legislation you will consider this year.

Today I want to discuss four elements that support the Safety Board's position on primary enforcement seat belt laws. First, seat belts are effective in reducing motor vehicle injuries and fatalities. Second, the remaining 20 percent of motor vehicle occupants who do not use seat belts engage more frequently in high-risk behavior. Third, the economic cost from the failure to use seat belts is substantial. Finally, primary enforcement seat belt laws do increase seat belt use.

Seat Belts Are Effective

Seat belts are the number one defense against motor vehicle injuries and fatalities. Seat belts restrain vehicle occupants from the extreme forces experienced during motor vehicle crashes. Also, seat belts prevent occupant ejections. Only 1 percent of vehicle occupants using seat belts are ejected, while 29 percent of unrestrained vehicle occupants are ejected. In 2003, 74 percent of passenger vehicle occupants who were totally ejected from a vehicle were killed. Finally, seat belts can protect other occupants in the vehicle. Two separate studies have determined that restrained occupants, particularly when seated in the front, face a risk of injury or death from unrestrained occupants, particularly when unrestrained occupants are seated in the back.

From 1975 through 2003, seat belts saved almost 180,000 lives nationwide. According to the National Highway Traffic Safety Administration (NHTSA), a nationwide seat belt use rate of 90 percent by front seat occupants would prevent an additional 5,000 deaths and 130,000 serious injuries each year. Unfortunately, some motor vehicle occupants fail to understand the benefits of seat belts.

Unrestrained Vehicle Occupants More Frequently Engage in High-Risk Behavior

Approximately 20 percent of motor vehicle occupants nationwide do not use seat belts. These drivers, who choose not to buckle up, tend to exhibit multiple high-risk behaviors and are more frequently involved in crashes. According to the National Automotive Sampling System (crash data composed of representative, randomly selected cases from police reports), belt use among motorists in crashes decreases with increasing crash severity.

Fatal crashes are the most violent motor vehicle crashes and can result from high-risk behaviors such as speeding and impaired driving. Unfortunately, people involved in fatal crashes also tend not to use their seat belts. While observational surveys have identified an 80 percent (daytime) seat belt use rate, use in fatal crashes is significantly lower. From 1994 through 2003, 887,261 vehicle

occupants were involved in fatal crashes. Of those 887,261 occupants, 337,537 died. Approximately 59 percent of the vehicle occupants who died were unrestrained. In Alaska, 670 vehicle occupants died, and over 62 percent were unrestrained.

Alcohol-related crashes cause approximately 40 percent of motor vehicle fatalities and are responsible for 22 percent of the total economic cost of motor vehicle crashes. Impaired drivers are notorious for not using seat belts. In fact, seat belt use among fatally injured drivers in alcohol-related crashes is the lowest of any group, including young novice drivers. Use rates as low as 17 percent have been reported. Primary enforcement seat belt laws can help police officers identify impaired drivers and can certainly reduce the death and injury rate associated with impaired driving, since everyone's best defense against drunk driving is a seat belt. Primary enforcement can even affect alcohol-related crashes. California and Michigan achieved a significant reduction in alcohol-related fatalities with adoption of a primary safety belt law. A roadside survey in Southern California indicated a greater increase in belt use among drinking drivers than in the general population when their primary belt law was adopted.

Teenagers are generally considered high-risk drivers because of their inexperience and immaturity. Teen drivers and their teen passengers have one of the lowest seat belt use rates. In an analysis by the Air Bag and Seat Belt Safety Campaign, it was reported that among fatally injured 16-to 19-year-old drivers in States with secondary enforcement seat belt laws, belt use is an abysmal 30 percent. Primary belt laws are associated with substantially increased use among teens. Teenagers are our future, and we need to ensure that they get in the habit of using seat belts.

Economic Costs from the Failure to Use Seat Belts are Significant

Although opponents to primary enforcement seat belt laws claim that nonuse is a personal choice and affects only the individual, the fact is that motor vehicle injuries and fatalities have a significant societal cost. For example, the lifetime cost to society for each fatality is over \$977,000, over 80 percent of which is attributed to lost workplace and household productivity. In 2003, more than 6,000 lives could have been saved if everyone had used a seat belt. Society would have saved almost \$6 billion.

Each critically injured survivor of a motor vehicle crash costs an average of \$1.1 million. Medical costs and lost productivity account for 84 percent for the

most serious level of non-fatal injury. In a 1996 study, NHTSA found that the average inpatient cost for unbelted crash victims was 55 percent higher than for belted crash victims. In 2000 alone, seat belts could have prevented over 142,000 injuries.

While the affected individual covers some of these costs, overall, those not directly involved in crashes pay for nearly three-quarters of all crash costs, primarily through insurance premiums, taxes, and travel delay. In 2000, those not directly involved in crashes paid over \$170 billion. Just for medical care, lost productivity, and other injury related costs, society annually pays an estimated \$26 billion for motor vehicle injuries and deaths experienced by unbelted vehicle occupants.

The emotional and financial costs to Alaska are just as staggering. In 2003, more than 37 people died while riding unrestrained in motor vehicles on Alaska roads and for an additional 13 people restraint use is not known. Seat belts are 45 to 73 percent effective in preventing fatalities depending on the vehicle type and seating position for the occupant. Therefore, it is reasonable to estimate conservatively that approximately 17 of the unrestrained occupants would have survived crashes in 2003, saving almost \$17 million if they had buckled up. This estimate does not include the reduced costs from reducing the severity and frequency of injury crashes. Our review of the Alaska Injury Prevention Center report "Alaska Seat Belt Cost Analysis" indicates that they have provided a conservative estimate of these costs.

Primary Enforcement Seat belt Laws Do Increase Seat belt Use

Primary enforcement seat belt laws can make a difference in seat belt use rates. With primary enforcement, police officers are authorized to execute a traffic stop and cite unbelted vehicle occupants without needing another reason for making the stop. According to the National Occupant Protection Usage Survey (June 2004), seat belt use in primary enforcement law States was 84 percent, while the belt use rate in secondary enforcement law States was only 73 percent. States that recently enacted primary enforcement seat belt laws experienced increased seat belt use rates ranging from almost 5 percent to almost 18 percentage points. The increases were greater for minorities, males, youth, and those driving pickup trucks. The increased use is based on the perceived risk of being stopped.

Conclusion

Average American citizens, not just highway safety advocates, support primary enforcement. NHTSA conducted a survey in 2000 to determine the public's opinion on primary enforcement seat belt laws. Overall, 61 percent of the population surveyed supported primary enforcement. Among people from States with secondary enforcement seat belt laws, more than half approved of primary enforcement. Minority populations are greater proponents of primary enforcement than whites. For example, 72 percent of Hispanics surveyed and 68 percent of African Americans surveyed endorsed primary enforcement.

Key provisions of a comprehensive primary enforcement seat belt law should include coverage of all vehicle occupants in all seating positions, coverage of all vehicles, and sufficient penalties. By allowing police officers to stop vehicles directly for seat belt violations, Alaska shows that it takes seat belt use very seriously. There are additional benefits to allowing primary enforcement. For example, when police officers stop vehicles for traffic law violations, such as failure to use a seat belt, they often discover additional traffic or criminal violations that otherwise might have gone undetected. Additionally, changing from secondary enforcement to primary enforcement does not impose additional requirements on vehicle occupants.

Senate Bill 87 will save lives and reduce injuries. Enacting this bill is the single most important life-saving and deficit reduction measure you can take this session. It costs nothing, but will save much. Thank you again for allowing the Safety Board to testify about this important problem. I would be happy to answer any questions you may have.

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LEGISLATIVE RESEARCH REPORT

FEBRUARY 11, 2005



REPORT NUMBER 05.145

VEHICLE ACCIDENT STATISTICS AND SAFETY BELT USE

PREPARED FOR SENATOR CON BUNDE

BY CHERIE NIENHUIS, LEGISLATIVE ANALYST

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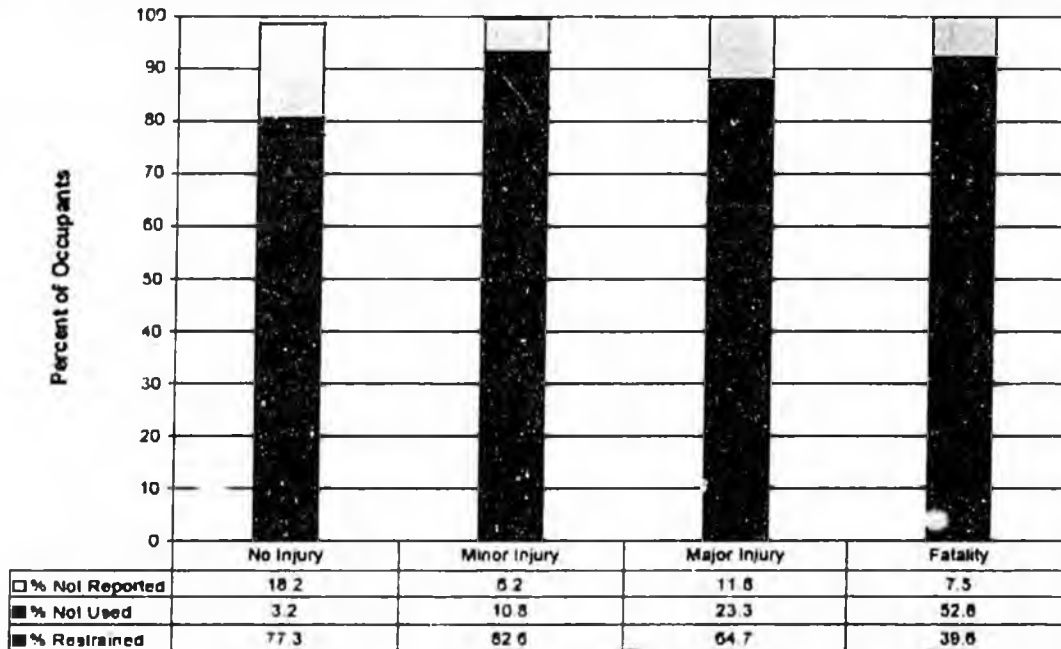
You asked for information about accident statistics and safety belt use. Specifically, you asked for data on vehicle crashes in Alaska and nationwide, and information linking safety belt use to highway fatality rates. You also requested information about primary safety belt laws in other states. A safety belt law is considered a primary law when it allows law enforcement officers to stop vehicles solely for safety belt violations. These laws contrast with secondary safety belt laws, which allow officers to cite safety belt violations only after stopping vehicles for other infractions.

ALASKA VEHICLE ACCIDENT STATISTICS AND SAFETY BELT USE

The Department of Transportation and Public Facilities (DOTPF) collects and compiles data on highway and roadway accidents in Alaska. The department provides annual reports on traffic collisions, including the incidence of injury or fatality, and the use of safety belts. The DOTPF's latest report, which covers vehicle crashes in 2002, shows that of those crashes in which safety belt use or non-use was determined, restraint use did not necessarily prevent major injury, but it could have been a factor in preventing fatalities. According to the DOTPF, 65% of vehicle occupants that were wearing safety belts sustained major injuries, while only 23% of those unrestrained suffered major injuries. With regard to fatalities, however, 40% of fatalities occurred

among those reported to be wearing safety restraints, whereas 53% of unbelted occupants were fatally injured. Although it is difficult to draw any conclusions based on these data, we note that the majority of accidents in which there was no injury or only minor injury involved occupants who were using some type of safety restraint. We include the DOTPF's graphic illustration of these statistics below.

Figure 1: Safety Restraint Use by Occupants in Alaska Vehicle* Crashes, 2002



*Includes occupants of automobiles, trucks, and buses only

Source: Figure 19, 2002 Alaska Traffic Collisions, Alaska Department of Transportation and Public Facilities

The Alaska Highway Safety Office has more up-to-date information regarding traffic-related fatalities and safety belt use. Documentation maintained by the office shows that while the number of fatalities in the state has fluctuated over recent years, the number of deaths attributable to vehicle crashes in which people are not using safety belts has decreased slightly. The Alaska Highway Safety Office reports the following with regard to vehicle crashes and fatalities.

Table 1: Number of Fatalities and Safety Belt Use in Alaska Vehicle Crashes, 2000-2004

Year	Fatalities in Highway Accidents	Fatally-Injured Occupants Not Using Restraints	Percent of Fatally-Injured Occupants Not Using Restraints
2000	106	63	59%
2001	89	55	62%
2002	89	54	61%
2003	100	52	52%
2004	93	53	57%

Notes: The above information reflects the number of fatalities occurring on public roads within the state, including those involving snow machines, bicycles, pedestrians, etc.

Source: Don Smith, Administrator, Alaska Highway Safety Office, Department of Transportation and Public Facilities, 465-4374.

The Highway Safety Office also tracks safety belt use, independent of crashes, on Alaska's highways. According to Don Smith, Administrator, the "Click It or Ticket" campaign that his office has been involved with has been very successful in getting people to buckle up. Mr. Smith told us that observed safety belt usage more than doubled between 2000 and 2004, with usage rates increasing from 38% in 2000, to 77% in 2004.

The National Highway Traffic Safety Administration also reports that the number of fatalities occurring as a result of vehicle crashes in Alaska has decreased significantly since 1985. A publication produced annually by NHTSA, *Traffic Safety Facts (2003)* shows that the state had 127 fatalities in 1985, and 95 in 2003, a 25% reduction over the 18-year period.¹

NATIONWIDE VEHICLE ACCIDENT STATISTICS AND SAFETY BELT USE

The National Highway Traffic Safety Administration (NHTSA), a division of the U.S. Department of Transportation, has a mission to "save lives, prevent injuries and reduce traffic-related health care and other economic costs."² The agency is also responsible for collecting and analyzing motor vehicle crash data nationwide, including the effects of safety belt usage. Since project magnitudes often cause the organization to be one or more years behind in its reports, information provided by the NHTSA may not be current. The NHTSA, however, is an internationally recognized organization known for providing thorough research and well-documented reports on traffic-related issues. As such, recommendations provided by the NHTSA to the Department of Transportation and to Congress in the context of vehicle safety are often adopted.

The NHTSA fully supports legislation changing safety belt laws from secondary to primary. As the agency's "Initiatives to Address Safety Belt Use," unequivocally states,

Safety belt use is the single most effective strategy a person can employ to prevent deaths and injuries and reduce the costs associated with motor vehicle crashes.³

The same publication cites data gathered from the Fatality Analysis Reporting System—vehicle crash information as contained in police reports, also the system used by Alaska's DOTPF and other states—to make its point. These data suggest that the largest demographic group to lose lives from not using safety belts is that of males (no age demographic was mentioned). According to the NHTSA, approximately 5,700 males lose their lives each year because they are not wearing safety belts. Second to males in traffic-related fatalities are vehicle occupants in states where secondary laws are in effect. The NHTSA reports that about 4,600 people die each year in traffic accidents in states where a secondary law is in place.

¹ The number of fatalities reported by the NHTSA does not exactly coincide with the numbers reported by the Alaska Office of Highway Safety because the NHTSA excludes some types of vehicles from its analysis.

² NHTSA website, <http://www.nhtsa.dot.gov/>

³ National Highway Traffic Safety Administration, "Initiatives to Address Safety Belt Use," July 2003; we include a copy of this report as Attachment A.

In the area of vehicle restraint use, recent documentation by the NHTSA shows that safety belt use is on the rise in most states. In November 2004, U.S. Transportation Secretary Norman Mineta announced that two states, Arizona and Hawaii, had for the first time broken the "95 percent belt use barrier."⁴ Nationwide, safety belt use rates have hit a department milestone of 80 percent, Secretary Mineta added. Dr. Jeffrey Runge, head of the NHTSA, credits national organizations and their high visibility "Click It or Ticket" campaigns for much of the recent success.

The Insurance Institute for Highway Safety (IIHS), a non-profit research and communications organization funded by automobile insurance agencies, studies and prepares reports on the effectiveness of safety devices, including safety belts, in vehicle accidents. In January 2005, the IIHS released the results of a study that examined the driver fatality data of nine states and the District of Columbia from 1989 through 2003, during which secondary safety belt laws were replaced by primary laws. These data were compared with the data of 14 states where the laws remained secondary over the same time period.

Published accounts of this study indicate that, although the annual rate of vehicle driver deaths per mile of travel declined in both groups, it declined more in the states that changed to primary enforcement. The IIHS goes on to conclude that after taking into account the timing of the change in each state, as well as other factors that could have affected crash rates, primary laws were associated with a 7 percent reduction in death rates. Applying this conclusion to the actual passenger driver death count of 77,084 in the 28 states that had secondary safety belt laws from 1996 to 2003, the IIHS estimates that 5,390 lives could have been saved. In Alaska alone, where 326 fatalities occurred between 1996 and 2003, the IIHS estimates that 23 lives could have been saved, had Alaska had a primary safety belt law in place.⁵

In another report, released in November 2003, the Preusser Research Group, Inc., commissioned by the National Safety Council, estimates the number of lives lost in states that had a secondary safety belt law instead of a primary one. To arrive at their estimates, the researchers used a methodology that included three data elements: observed safety belt use in states that have primary versus secondary laws; NHTSA's estimate that safety belts are 45 percent effective in reducing fatalities in passenger cars and 60 percent effect for light pickup trucks; and a comparison of safety belt use rates in states before and after the laws changed from secondary to primary. Based on this analysis, the group concluded that since 1995, an estimated 12,177 motorists died because of their state's "failure to implement a primary safety belt law." In Alaska, it was estimated that 43 lives were lost over the seven-year period in which a secondary law was in place.⁶

⁴ "New Data Show Rising Safety Belt Use Rates in Most States," *Regulatory Intelligence Data*, 11/23/2004.

⁵ Stephen L. Oesch, "Statement before the Virginia Senate Transportation Committee: Effectiveness of Primary Belt Laws," Insurance Institute for Highway Safety, January 27, 2005, we include a copy of this document, as well as the press release summarizing the study's results, as Attachment B.

⁶ Neil K. Chaudhary, PhD, David F. Preusser, PhD, and the Preusser Research Group, Inc., "Lives Lost by States' Failure to Implement Primary Safety Belt Laws," for the National Safety Council, November 5, 2003. We include a copy of this report as Attachment C.

PRIMARY AND SECONDARY SAFETY BELT LAWS

Alaska is one of 28 states whose safety belt laws are secondary. In 2004, Tennessee became the 21st state to change its safety belt law from secondary to primary. Primary laws are in place in the following states: Alabama, California, Connecticut, Delaware, Georgia, Hawaii, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Tennessee, Texas, and Washington. The District of Columbia, and Puerto Rico also have primary safety belt laws. New Hampshire is the only state with no mandatory safety belt law in place. We include details about these laws and penalties for violating them as Attachment D.

Information reported by the National Conference of State Legislatures (NCSL) indicates that lawmakers in most states with secondary safety belt laws have considered legislation to change their laws to primary. In 2004, NCSL documents show that 19 states—Alaska, Arizona, Florida, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, Ohio, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming considered legislation to change their laws to primary (the measure passed in Tennessee). In 2005, the NCSL lists nine states as having already introduced legislation to change secondary safety belt laws to primary laws.⁷

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

⁷ The NCSL Legislative Tracking Database does not include Alaska in its list of states having introduced such legislation in 2005, which leads us to conclude that there may be other states that have not yet been added to the list. We include the NCSL legislative tracking database results pertaining to safety belts for 2004 and 2005 as Attachment E.

**Alaska Injury
Prevention Center**



Alaska Injury Prevention Center

PO Box 210736
Anchorage, AK 99521-0736
Tel. 907-929-3941
FAX 907-929-3940
Email: asc1@alaska.net

February 10, 2005

Senator Con Bunde
State Capitol, Room 506
Juneau, AK 99801-1182

Dear Senator Bunde,

I would like to take this opportunity to offer my expertise and experience if necessary to advance your efforts on a primary seat belt law for Alaska. I'm the author and primary researcher for a study funded by a non-profit group called the Automotive Coalition for Traffic Safety. This research project, *Alaska Seat Belt Cost Analysis*, compiled and analyzed the hospital costs associated with seat belt use in Alaska. The research has gotten a good deal of statewide recognition as an argument to be used for primary enforcement of seat belt laws. The study shows that from 1996 through 1999, medical costs for unbelted occupants totaled more than \$13 million dollars of which, 50% were paid with public funds. I've attached the Executive Summary, but if you would like a complete copy, please contact me.

Fairbanks was the first city in Alaska to pass an ordinance giving police the authority to stop someone for not wearing a seat belt – primary enforcement. There was considerable public backlash over the new ordinance and it was eventually repealed, but the fine for the existing law was significantly increased. Anchorage also considered a similar municipal ordinance that would allow primary enforcement of seat belt use within the city limits and asked for a copy of the research findings.

Alaska has been chosen by the National Highway Traffic Safety Administration as one of 13 states to receive special initiatives to reduce our DUI deaths, and to increase our seat belt usage. At 77%, Alaska's seat belt usage rate has improved tremendously over previous years, but there are still a significant number of non-users in the state. If we are able to get a primary enforcement law passed, we would expect to see the seat belt usage rate climb to around 90%.

As the evaluator for the recent Click It or Ticket enforcement campaigns, we conducted random telephone surveys on 1,600 Anchorage residents. One of the questions asked was if they were in favor or opposed to police stopping someone for not wearing a seat belt. Sixty-seven (67%) percent said they were in favor of such a law.

I hope this helps,


Ron Perkins, MPH
Executive Director, AIPC



Municipality of Anchorage

Box 196650 • Anchorage, Alaska 99519-6650 • 825 "L" Street • <http://www.muni.org>

Mayor Mark Begich

Department of Health and Human Services



February 9, 2005

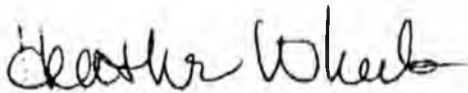
Senator Con Bunde
State Capitol, Room 506
Juneau, Alaska 99801-1182

The Municipality of Anchorage, Department of Health and Human Services strongly supports your effort to pass a primary seatbelt law this session. The passage of a Primary seatbelt Law is one of DHHS' 2005 legislative priorities. Primary seatbelt enforcement allows a law enforcement officer to stop a vehicle and issue a citation when the officer observes an unbelted driver or passenger. It has been 13 years since a (secondary) seatbelt law was introduced allowing an officer to cite for non-seatbelt use only if the vehicle was stopped for another infraction. According to the National Highway Traffic Safety Administration, primary seatbelt laws increase seatbelt use by 9 to 14 percentage points. We presently have a 72% usage rate.

It is estimated that \$12 million, 71 major injuries, and 6 lives would be saved in Alaska each year if a primary seatbelt law was passed (BELTUSE software program, NHSTA). Motor vehicle crashes are the leading cause of injury death to people between the ages of 10-34 years of age (Alaska Bureau of Vital Statistics, 2002).

A primary seatbelt law would save not only lives, but would save significant amount of public money. Over 50% of the medical costs for people unrestrained at the time of the crash are paid by public funds ("Alaska Seatbelt Analysis", Sept. 2003, Alaska Injury Prevention Center). Studies show that patients who were not buckled up at the time of a motor vehicle crash were twice as likely to sustain a serious head injury and over one and one half times more likely to be discharged with a permanent disability (Alaska Trauma Registry, 1991-2000 10 year data report). Considering that a crash costs 55 percent more when a crash victim is unbelted, it is in the state's interest to reduce the cost of health care to enact a primary seat belt law. Twenty-one states and Washington D.C. (July 2004) have passed primary seatbelt laws.

Action requested: Support passage of SB 87, a Primary Seatbelt Law.


for Beverly K. Wooley, Director

Community, Security, Prosperity

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By Telefax and Mail

February 14, 2005


Senator Con Bunde
State Capitol, Room 506
Juneau, Alaska 99801

Re: Senate Bill 87

Dear Senator Bunde:

On behalf of State Farm Insurance Companies, I would like to express support for SB 87. State Farm has long supported mandatory seatbelt laws and primary enforcement. This legislation will undoubtedly save lives. If there is any information we can provide to you, or anything else we can do in support of this bill, please let me know.

Sincerely,



Sheldon E. Winters

SEW/caf
SenBunde01SPW.wpd

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 87
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
Title: Primary seat belt use RDU: Administration & Support
Component: Commissioner's Office
Sponsor: Bunde
Requester: _____ Component No: 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below:

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
DOT public information efforts will be conducted by Traffic Safety Office, and will change only to emphasize primary use and enforcement, as well as continuing current message that seat belt use saves lives.

Prepared by: John Manly Phone: 465-3904
Division: Communications, DOT&PF Date/Time: 2/11/05 1:10 PM
Approved by: Mike Barton *Mike Barton 2/9/05* Date: 2/11/2005
Agency: Commissioner, DOT&PF

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: SB087-LAW-CDCO-2-14
 Bill Version: _____
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title: Safety Belt Violations RDU: CRIMINAL
 Component: CDCO
 Sponsor: Senator Bunde
 Requester: Judiciary Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill repeals that portion (AS 28 05.095(e)) of Alaska's seatbelt law that prohibits peace officers from stopping or detaining a motor vehicle for the sole purpose of determining compliance. The Department of Law does not anticipate any fiscal impact from passage of this legislation.

Prepared by: Robert Meiners, Dep. Director
 Division: Administrative Services
 Approved by: Robert Meiners for Scott Nordstrand, Acting Attorney General
 Agency: Department of Law

Phone: 465-5427
 Date/Time: 2/14/05 11:43 AM
 Date: 2/14/2005



State of Alaska
Department of
Public Safety

Frank H. Murkowski, Governor
William Tandeske, Commissioner

February 4, 2005

The Honorable Con Bunde
Alaska State Senate
State Capitol, Room 506
Juneau, Alaska 99801

Dear Senator Bunde

I'm writing to express my continued support for a primary seat belt law in Alaska.

My support is based on twenty-six years of service as an Alaska State Trooper, where I personally investigated a large number of motor vehicle crashes resulting in death or serious injury. In the accidents where no seatbelt was being utilized, one can only speculate that the sustained injuries may have been less severe and the loss of life would have been reduced had a seat belt been worn by all of the occupants.

The mission of the Department of Public Safety is in part, to protect life and property. As the commissioner of this department, I am committed to doing everything in my power to ensure the safety of all Alaskans. Plain and simple, study after study reports that seat belts save lives. Any legislation that will enhance the ability of law enforcement to advance safety in this state should be endorsed wholeheartedly.

I believe that primary seat belt legislation, coupled with the ongoing education efforts that are being promoted, will produce results that should reduce the alarming number of serious injuries and deaths on our roadways. If this department can be of assistance to you with any proposed seat belt legislation, please don't hesitate to contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "William Tandeske".

William Tandeske
Commissioner

Alaska Seat Belt Cost Analysis

EXECUTIVE SUMMARY

OBJECTIVES

An average of more than 39,000 Alaskans are involved in motor vehicle crashes every year. It is an expensive and painful problem with no single cause. For the citizens of Alaska, the medical costs alone are estimated to be over \$14.5 million per year, while property damage and long-term disabilities add millions more to this figure. Alaskans pay a significant portion of these costs through publicly funded programs.

It is well documented that wearing a seat belt significantly reduces the severity of injury and decreases the risk of death in a motor vehicle crash. The *Alaska Seat Belt Cost Analysis* attempted to quantify the medical costs associated with restrained and unrestrained occupants involved in motor vehicle crashes and the sources of payment for these hospitalizations.

RESULTS

With data supplied by the Alaska Department of Transportation and Public Facilities and the Alaska Trauma Registry (ATR), a thorough analysis of the health care costs to treat restrained and unrestrained vehicle occupants was undertaken. The data covered the years 1996 through 1999.

The study revealed that the decision not to wear a seat belt has economic consequences for everyone:

- ✓ During the time period analyzed, medical costs for those who were not wearing a seat belt at the time of the crash totaled \$13 million. Of this amount, 50% was paid with public funds.
- ✓ Victims of crashes in Alaska spent a cumulative average of 2,672 days in the hospital each year. The majority of these individuals - 58% - were unrestrained at the time of the crash.
- ✓ Medicaid costs to treat 83 crash victims under the age of 20 totaled \$1.6 million.
- ✓ Post-hospitalization care for victims of motor vehicle crashes is also expensive. Nineteen crash survivors were placed in "skilled nursing facilities" at a cost of \$1 million, of which 77% was paid by public sources. Of those 19 individuals, 13 were not wearing a seat belt at the time of their crash.

More than \$2.6 million in public funds is spent each year to care for unbuckled victims of motor vehicle crashes, and these are just the documented economic costs. Death and long-term disabilities involving the brain or spinal cord take their own toll on individuals and families and are very difficult to quantify.

CONCLUSIONS AND RECOMMENDATIONS

The *Alaska Seat Belt Cost Analysis* makes a compelling economic case for the use of seat belts. The most recent observational survey of seat belt use conducted in July 2003 showed that Alaskans are buckling up at a rate of 78.9%. While higher than previous years, there is a substantial segment of the population who is still not wearing a seat belt. Introduction and implementation of programs and public policies to encourage seat belt use will result in fewer injuries and deaths, ultimately reducing the financial burden on the taxpayers of Alaska.

S B

8 8

GARY WILKEN

SENATOR
Fairbanks

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Fax: 907-465-4711

Alaska State Legislature

Senate

During Session:
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Juneau, Alaska 99801-1182
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Fax: 907-465-4711
Website: www.garywilken.com
E-Mail: Senator.Gary.Wilken@legis.state.ak.us

MEMORANDUM

TO: Senator Gene Therriault, Chair
Senate State Affairs Committee

FROM: Senator Gary Wilken

DATE: February 9, 2005

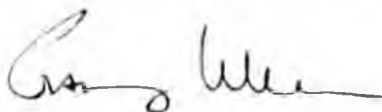
RE: Senate Bill 88 – A Policy on General Fund Revenue Shortfall

I respectfully request that Senate Bill 88, *A Policy on General Fund Revenue Shortfall*, be scheduled for a hearing before the Senate State Affairs Committee.

Senate Bill 88 states that "it is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

This legislation provides, when needed, a bridge over the gap between general fund expenditures and general fund revenues until our state's natural resources can be further developed.

Thank you for your cooperation and assistance in scheduling a hearing.



GARY WILKEN

SENATOR
Fairbanks

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Alaska State Legislature

Senate

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SPONSOR STATEMENT

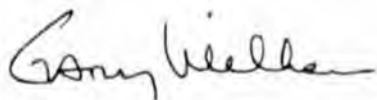
Senate Bill 88 A Policy on General Fund Revenue Shortfall

Senate Bill 88 reads as follows: *It is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account.* These few words adopt a course of action that balances the state budget when a shortfall in general fund revenue exists.

Senate Bill 88

- When needed, fills the potential fiscal gap in a way that minimizes the financial impact on Alaska families.
- When needed, provides a bridge over the gap between general fund expenditures and general fund revenues until our state's natural resources can be further developed.
- Doubles the life expectancy of the Constitutional Budget Reserve fund.
- May strengthen the State of Alaska bond rating and save millions of dollars on future bond offerings.

Senate Bill 88 affirms a policy of the state that provides fiscal certainty when the general fund revenue is insufficient to fully fund the state budget. Please join me in support of this legislation.



Proudly Representing the Golden Heart of Alaska



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Gary Wilken
Current Version: SB 88
Contact: Sheila Peterson, 465-3709

Fact Sheet for: Senate Bill 88

Short Title: POLICY ON GENERAL FUND REVENUE SHORTFALL

Summary:

- Affirms in the Executive Budget Act section of our state's statute that "it is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

Benefits:

- When needed, fills the potential fiscal gap in a way that minimizes the financial impact on Alaska families.
- When needed, provides a bridge over the gap between general fund expenditures and general fund revenues until our state's natural resources can be further developed.
- May strengthen the State of Alaska bond rating and save millions of dollars on future bond offerings.
- Doubles the life expectancy of the Constitutional Budget Reserve fund.

Background:

- The annual revenue generated from taxes and royalties levied on and collected from the petroleum industry varies directly with the price of oil and the amount of oil produced in the state. Because of this uncertainty, the state will face recurring shortfalls in general fund revenue. Senate Bill 88 adopts a state policy that sets in motion a method to balance the state budget when a shortfall in general fund revenue exists.

Senate Bill 88

A Bridge to Development

*A Policy on General Fund
Revenue Shortfall*

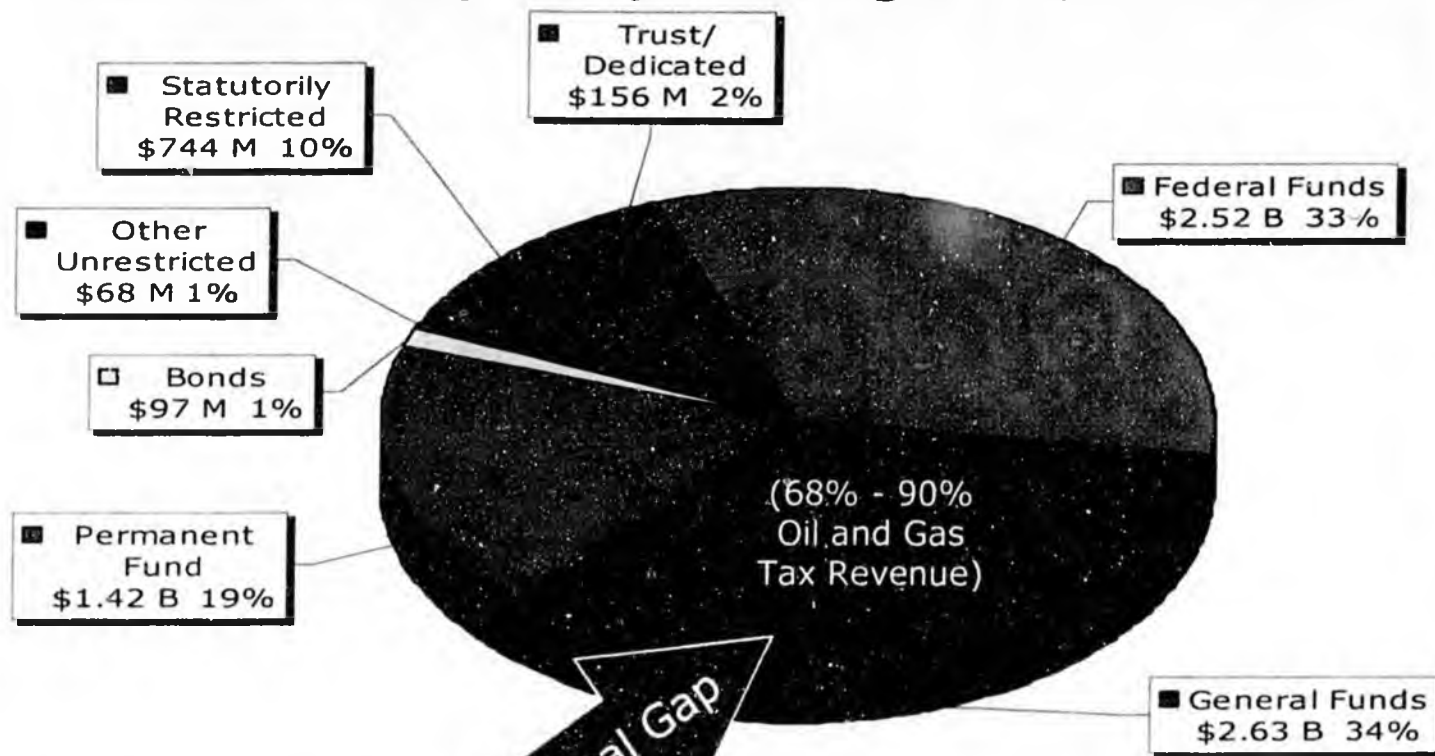
"It is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

AS 37.07.010 *Executive Budget Act*

SB 88
says

Why? Where's the problem?

FY06 Operating & Capital Budgets - \$7.6 Billion

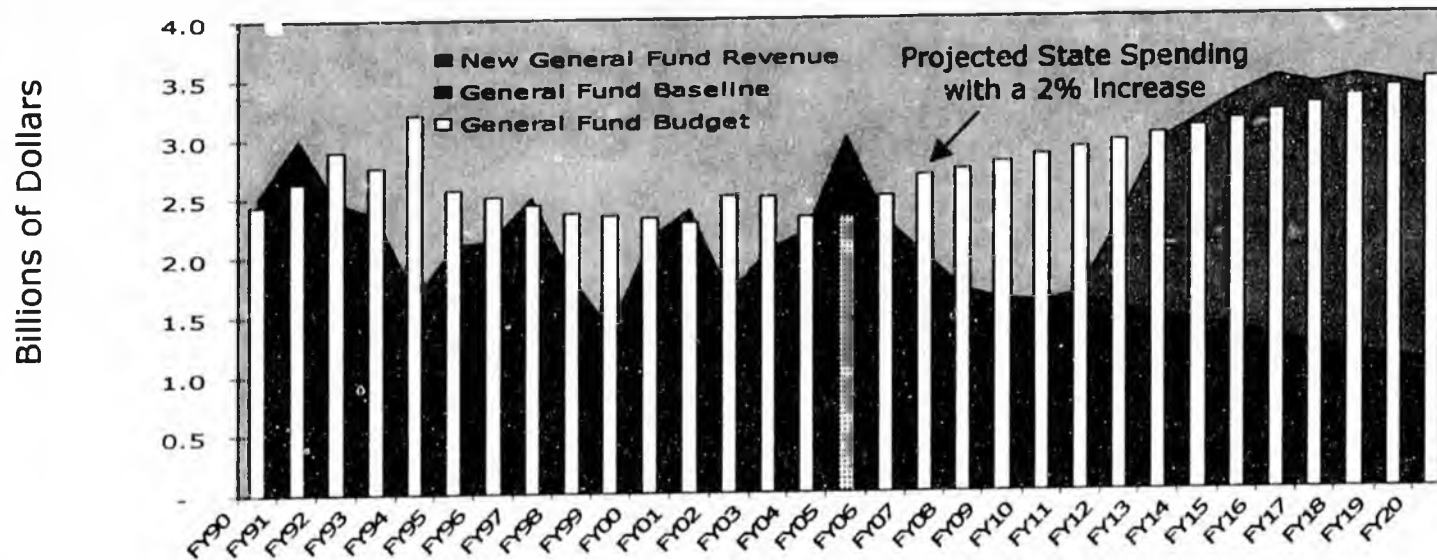


Home of the Fiscal Gap

FY06 Budget as proposed by Governor Murkowski

Source: Legislative Finance

... and what's the problem?



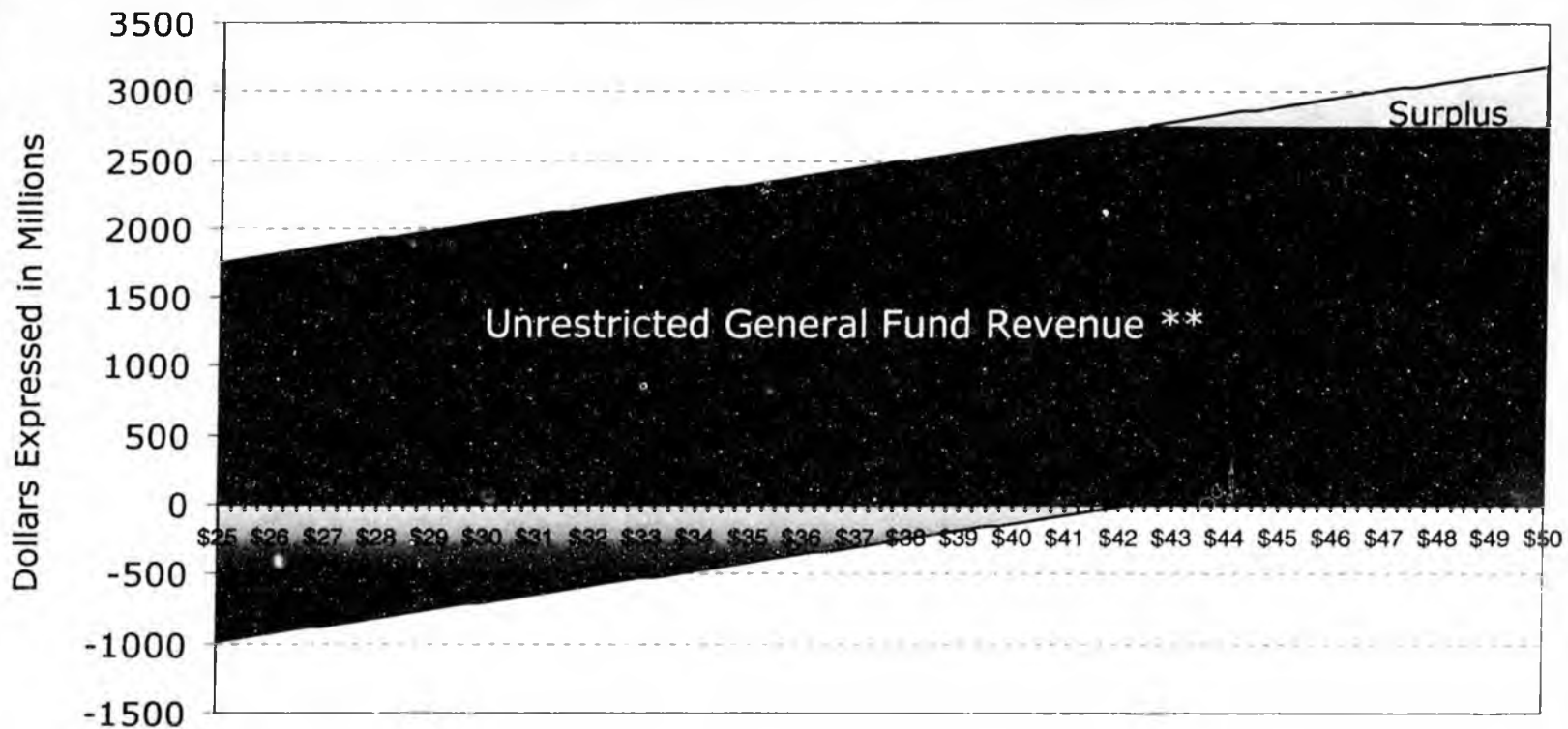
\$2.3 B. General Fund base budget with FY06 & FY07 PERS unfunded liability adjustments.

Source: Legislative Finance

General Fund revenue can be less than
General Fund expenditures.

... but things can change quickly
"For the Good or for the Bad"

FY06 Proposed General Fund Budget *



* Assumes the Governor's proposed budget plus \$117.5 million for FY06 PERS/TRS costs and \$80 for new legislation/supplemental.
 ** Includes revenues not directly affected by fluctuations in oil prices. Assumes DOR Fall 2004 production projection of .932 million barrels per day

... and they have

**ALASKA CONSTITUTION
ARTICLE IX**

Section 17. Budget Reserve Fund (a)

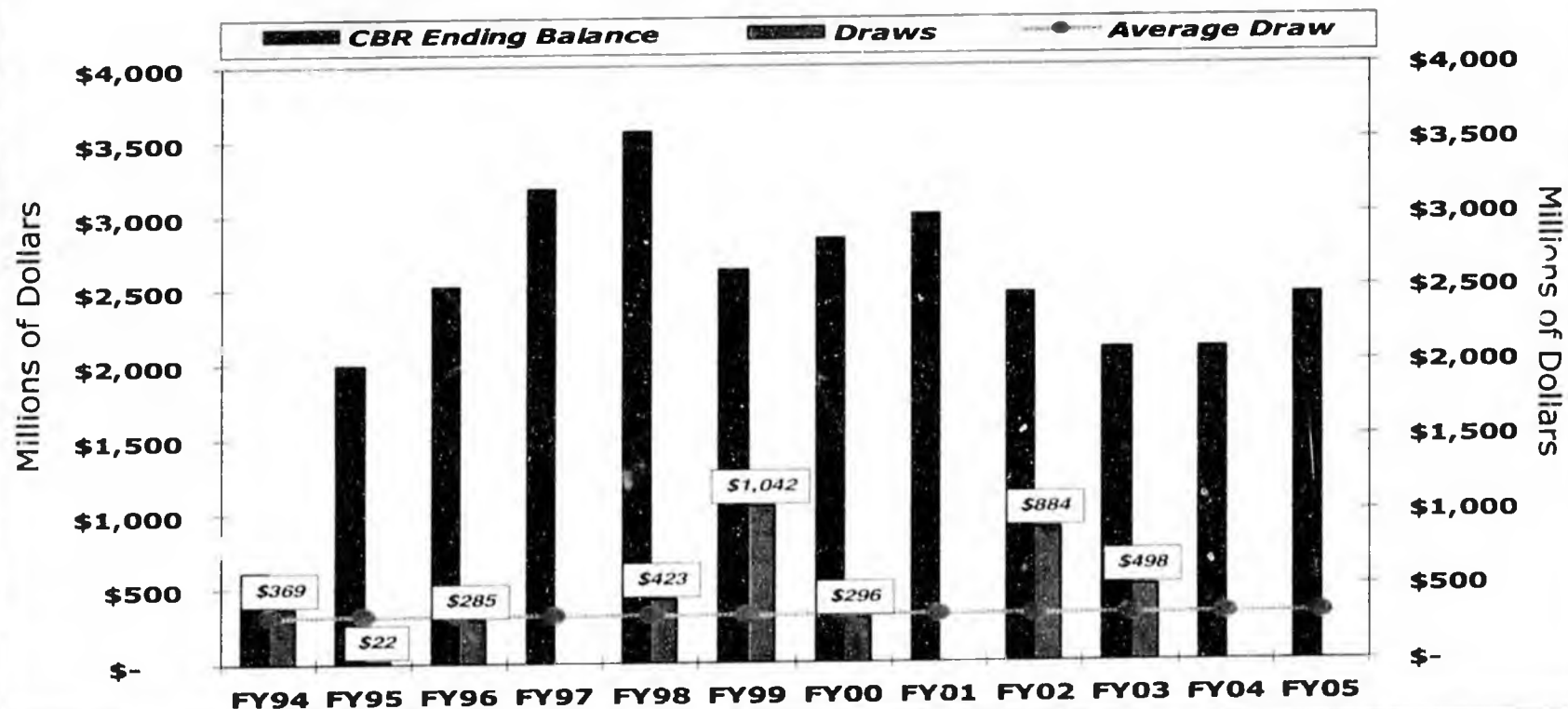
There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the state after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments of bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. . . . Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

Voters approved amendment in 1990.

- The CBR has been used to fill the fiscal gap 8 out of 12 years.
- Approximately \$5.5 billion has been withdrawn.
- The state has deposited into the CBR \$5.6 billion and earned \$1.6 billion in interest.

... for example

CBR Balance and Draws for FY94 – FY05



Source: Legislative Finance

- Draw 8 out of 12 years
- Average draw \$318 M
- Current balance \$2.1 B

Alaska is a resource state

"Alaska has about 22 percent of the nation's "known" oil reserves and 19 percent of the country's known natural gas."

Governor Murkowski, 12/14/2003

"TransCanada submits application to state, says 2012 start-up possible"

Petroleum News, 6/6/04

"Alaska officials consult bankers on gas pipeline"

Bond News, May 27, 2004

"\$53.9 million in NPR-A bids offered"

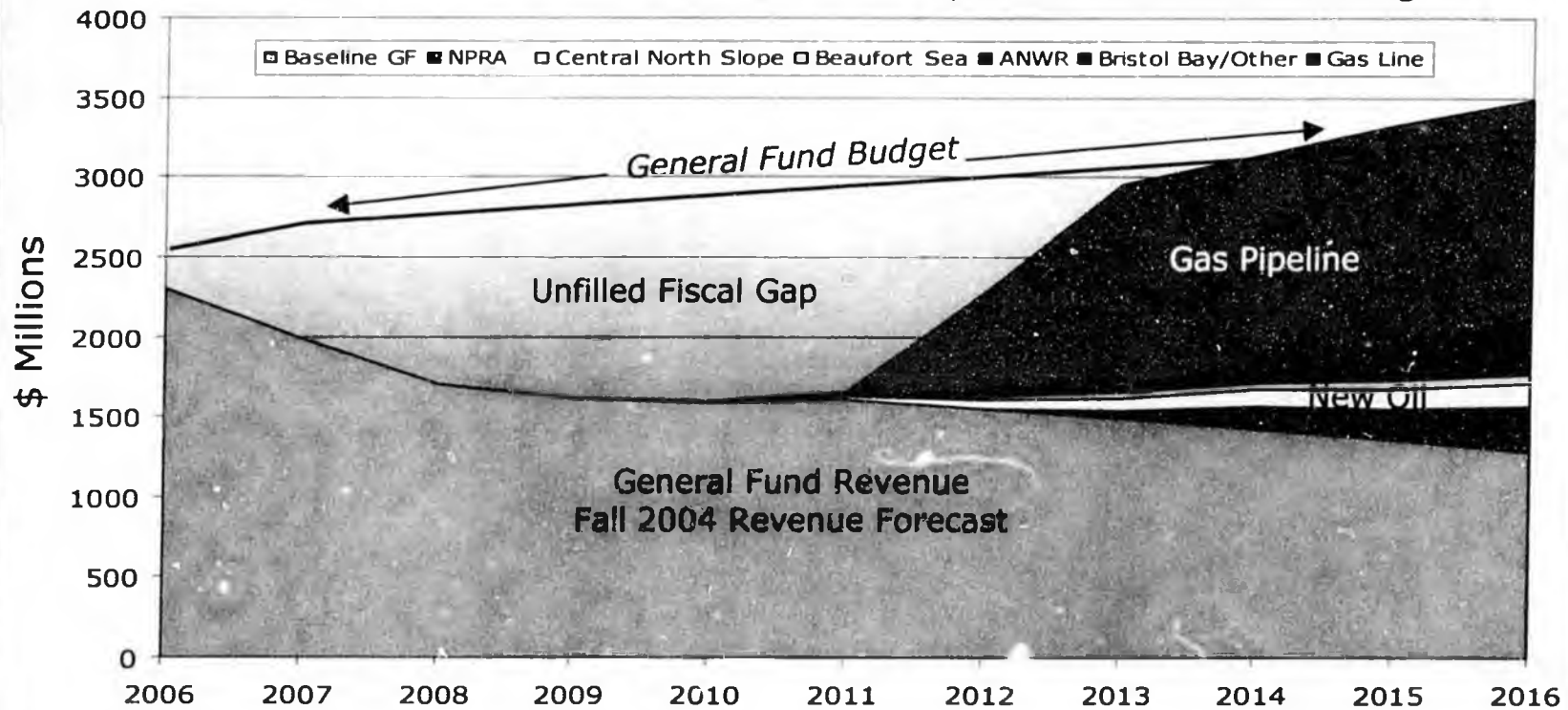
Fairbanks Daily News-Miner, 6/3/04

Federal land managers proposed giving oil drillers access to a forbidden chunk of the North Slope national petroleum reserve."

Anchorage Daily News, 6/10/04

... a bridge is needed
From Today to Development

Potential Future Oil and Gas Revenue
 Fall 2004 Revenue Forecast, FY06 Proposed General Fund Budget



\$2.3 B. General Fund base budget with FY06 & FY07 PERS unfunded liability adjustments. Base is inflated by 2%.

Source: Office of Management and Budget

Several Pots of Money



Reduce State Spending
(Save a \$, Earn a \$)

Income Tax
(\$600 M)



Corporation Tax
(\$50-\$100 M)

Other Revenue
(Tobacco Tax, Alcohol Tax,
Fisheries Tax, Car Rental
Tax, Studded Tire Fee, etc.)



Sales Tax
(\$200-\$300 M)

Alaska Perm Fund Financial Projections
December, 2004

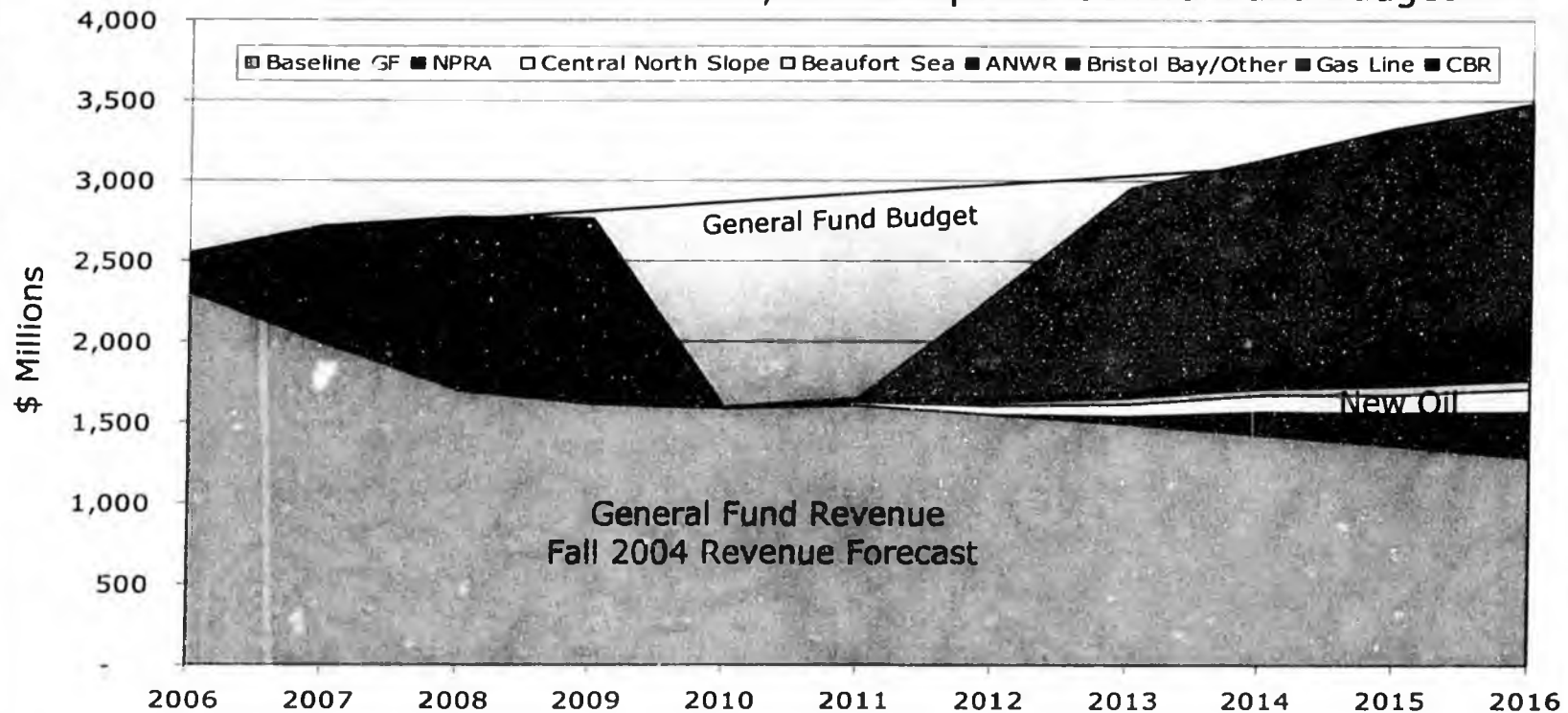
CBR
(\$2.1 B)
(Constitutional Budget Reserve)



... why not just the CBR?

Potential Future Oil and Gas Revenue

Fall 2004 Revenue Forecast, FY06 Proposed General Fund Budget



\$2.3 B. General Fund base budget with FY06 & FY07 PERS unfunded liability adjustments. Base is inflated by 2%.

Source: Legislative Finance and OMB (Based on Fall 2004 Revenue Forecast)

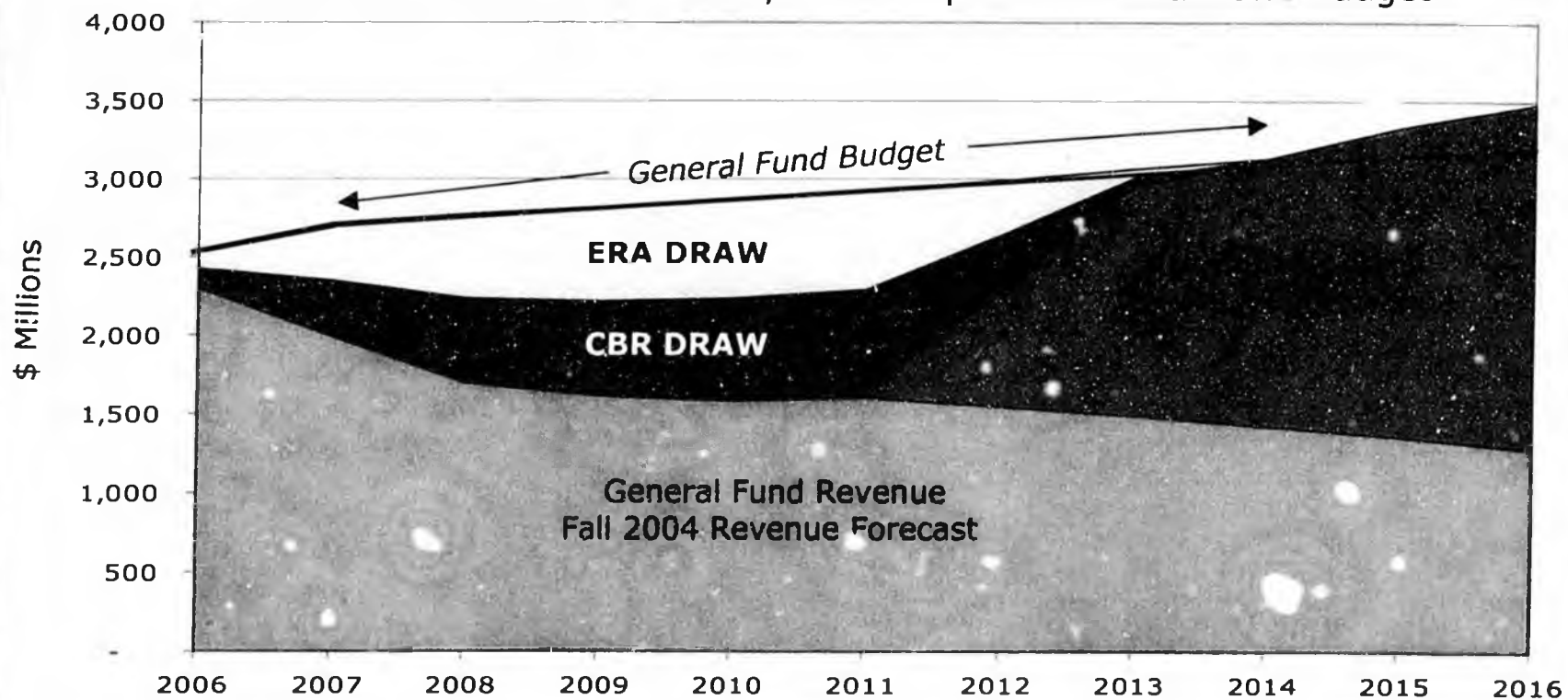
... so what if ...

The Legislature splits the
future fiscal gaps with
equal contributions from
the Constitutional Budget
Reserve and the Earnings
Reserve Account?
(SB 88)

... and we build a bridge

Potential Future Oil and Gas Revenue

Fall 2004 Revenue Forecast, FY06 Proposed General Fund Budget



\$2.3 B. General Fund base budget with FY06 & FY07 PERS unfunded liability adjustments. Base is inflated by 2%.

Source: Legislative Finance and OMB (Based on Fall 2004 Revenue Forecast)

... but can we?

***An Alaskan's
Guide to the Permanent Fund***

The Fund would help create an investment base to continually generate future income. When oil ran out, Alaska would still have a major source of state revenues. Alaskans could use these revenues to pay the costs of basic government services, or for whatever purposes future generations of Alaskans decided.

Each year, the Fund would channel a significant portion of the oil revenues away from the legislature. Less state income reduces the opportunity for excessive state spending.

The Fund would transform non-renewable oil wealth into a renewable source of wealth for future generations of Alaskans.

Yes, We Can!!!!

The Earnings Reserve Account, a result of wise investment of our Permanent Fund, has been and still is available to the legislature by a simple majority vote of 21-11.

PF financial projections say . . .

ALASKA PERMANENT FUND FUND FINANCIAL HISTORY & PROJECTIONS as of December 31, 2004

* As of Dec. 2004, statutory net income is trending to end the fiscal year more than 25% below the mid case.

Projections will extend ten years, and are based on best available information (\$ in millions)

FY	Reserved Fund Balance - Principal					Unrealized Gain (Loss)		FY-End Reserved Balance	Unreserved Fund Balance					TOTAL FUND BALANCE	
	Begin Contrib. Balance	Appro- priations ⁽¹⁾	Dedicated State Revenues	Inflation Proofing	FY-End Contributions	Net Change	FY-End Balance		Acct. Net Income ⁽²⁾	Statutory Net Income ⁽³⁾	Dividends	Inflation Proofing	General Fund		Realized Earnings Account
77-98	0	8,734	6,250	5,533	18,517	1,971	3,971	22,488	20,883	18,687	7,589	5,533	22,488	1,389	77-98
99	18,517	41	155	288	18,901	(430)	3,541	22,542	2,148	2,544	1,045	288	3	1,201	99
00	19,001	264	326	423	20,014	(12)	3,529	23,543	2,249	2,222	1,172	423	4	382	00
01	20,014	8	339	484	21,047	(2,146)	1,383	22,430	1,921	1,199	1,113	885	5	(588)	01
02	21,047	(23)	258	602	21,884	(878)	503	22,389	(617)	257	926	602	5	(1,248)	02
03	21,884	354 ⁽⁴⁾	398	352	22,988	601	1,108	24,094	963	355	691	352	0	(1,035)	03
04	22,884	(339) ⁽⁴⁾	353	524 ⁽⁵⁾	23,526	1,909	3,019	26,541	3,434	1,502	581	170 ⁽⁶⁾	0	759	04
10% 05	23,526	19	476	624	24,645	(2,096)	19	24,664	(1,509)	1,468	502	624	0	342	10% 05
28% 05	23,526	21	476	624	24,647	(2,022)	993	25,640	(94)	1,907	548	624	0	735	28% 05
Mid 05	23,526	27	476	624	24,653	(453)	2,562	27,215	2,048	2,474	608	624	0	1,242	Mid 05
28% 05	23,526	28	476	624	24,654	1,069	4,084	28,738	4,187	3,090	672	624	0	1,794	28% 05
10% 05	23,526	31	476	624	24,657	2,125	5,140	29,796	5,765	3,609	727	624	0	2,259	10% 05
06	24,651	21	356	650	25,681	180	2,742	28,423	2,190	1,588	690	650	0	648	06
07	25,881	23	312	676	26,691	191	2,934	29,625	2,328	2,114	885	676	0	551	07
08	26,881	24	243	700	27,860	202	3,136	30,996	2,457	2,231	1,082	700	0	448	08
09	27,860	26	231	725	28,843	212	3,348	31,991	2,578	2,340	1,170	725	0	445	09
10	28,843	28	230	751	29,851	223	3,571	33,222	2,701	2,451	1,168	751	0	532	10
11	29,851	30	231	777	30,889	234	3,805	34,694	2,834	2,570	1,229	777	0	564	11
12	30,889	32	224	804	31,748	246	4,051	35,799	2,972	2,694	1,290	804	0	600	12
13	31,748	34	215	831	32,629	258	4,308	37,137	3,114	2,822	1,352	831	0	639	13
14	32,629	36	208	859	33,530	270	4,579	38,506	3,263	2,958	1,417	859	0	680	14
15	33,530	39	195	887	35,051	284	4,862	39,914	3,417	3,094	1,484	887	0	727	15
Projections		321	2,919	8,284		1,847			29,901	27,732	12,375	8,284	0	7,074	

ERA \$2,101 M

Return 7.61%

Assumptions	Total Return	Inflation	Total Real Return	Statutory Return
10%	-5.26%	2.60%	-7.86%	10%
28%	0.14%	2.60%	2.74%	28%
Mid FY 2005	7.61%	2.60%	5.01%	Mid
28% FY 2005	15.35%	2.60%	12.75%	28%
10% FY 2005	20.58%	2.60%	17.98%	10%
FY 2006-2015	7.61%	2.60%	5.01%	7.04%

Income year-to-date as of December 31, 2004

FY06 Statutory net income	
Interest, dividends, real estate & other income	\$ 419.4
Realized gains on the sale of invested assets	404.6
Less operating expenses	(22.9)
Statutory net income	\$ 801.6

FY06 GAAP (accounting) net income	
Statutory net income	\$ 801.6
Adjustment for unrealized gains (losses) on invested assets	1,971.9
Accounting net income (loss)	\$ 2,373.2

For more information see www.apfc.org

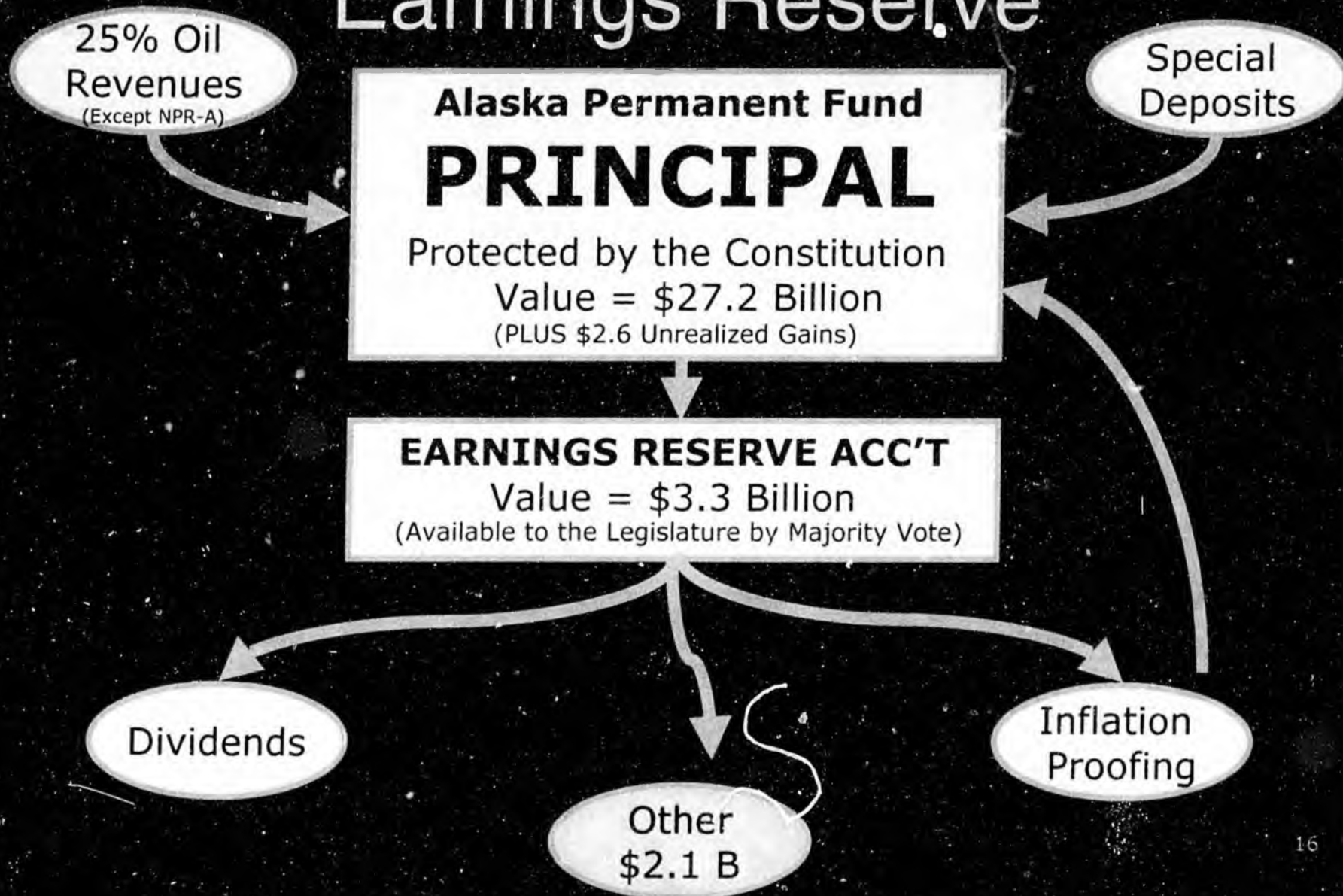
Notes to financial results and projections FY77 - FY15:

- Special general fund and earnings reserve appropriations to principal royalty settlement earnings transferred to principal per AS 37.13.145(d) and other miscellaneous appropriations to principal.
- Final adjustment to principal based on reconciliation of State of AK v. American Hess et al royalty case.
- FY03 Senate Bill 100 transferred \$354 million from realized earnings account to principal.
- Senate Bill 283 defines the FY03 special appropriation of \$354 as pre FY04 inflation proofing and appropriates the remaining \$170 million needed to fully inflation proof contributions and appropriations in FY04. An additional \$15 million in settlement earnings (earnings above inflation) is appropriated to principal per AS 37.13.145(d).
- Statutory inflation proofing for FY04 is based on the inflation rate of 2.28% or \$524 million (\$354 million pre inflation proofing plus \$170 million FY04 appropriation).
- Accounting net income is statutory net income plus the net change in unrealized gains (losses) and settlement earnings. Statutory net income is realized earnings less settlement earnings and is used to calculate the annual dividend tranche.
- Total Fund equals reserved fund balance plus the realized earnings account.
- Based on 2004 Cullen capital market assumptions and a range of expected returns based on the probability of the return outcomes.
- Based on 2004 Cullen capital market assumptions and median expected returns (the mid case). Actual results will vary from projections.

PERFORMANCE SUMMARY (preliminary as of December 31, 2004)	Current Month	Last 3 Months	Fiscal 0 Y-T-D #	Calendar 0 Y-T-D #	Last 12 Months	Last 3 Years	Last 8 Years
	Alaska CDR	0.18%	0.40%	0.88%	1.88%	1.88%	1.87%
Domestic Fixed Income	0.94%	1.01%	-1.13%	4.27%	4.27%	6.11%	7.66%
Non-Domestic Fixed Income	1.23%	0.74%	10.69%	8.99%	8.99%	12.66%	8.09%
Domestic Equities	3.67%	10.60%	7.67%	12.12%	12.12%	6.18%	-0.88%
Non-Domestic Equities	4.26%	14.84%	16.22%	17.81%	17.81%	11.88%	-0.74%
Real Estate	3.03%	8.82%	14.12%	20.74%	20.74%	16.87%	14.47%
Absolute Return	N/A	1.90%					
Total Fund	2.77%	8.08%	8.76%	11.38%	11.38%	8.32%	4.66%
Total Fund Return Benchmark	2.67%	7.90%	8.76%	11.64%	11.64%	8.16%	3.91%

December 31, 2004

Our Permanent Fund and our Earnings Reserve



Alaska's Crown Jewels

*... The Constitutional Budget Reserve fund and
the Earnings Reserve Account ...*



- Only legislature in America deciding how to manage \$31 billion for 650,000 people
- Every minute, every hour, every day, the world helps build Alaska by
 - Investing in corporate America
 - Investing in America's society
 - Investing in America's future
- The CBR and the ERA form the abutment to our Bridge to Development

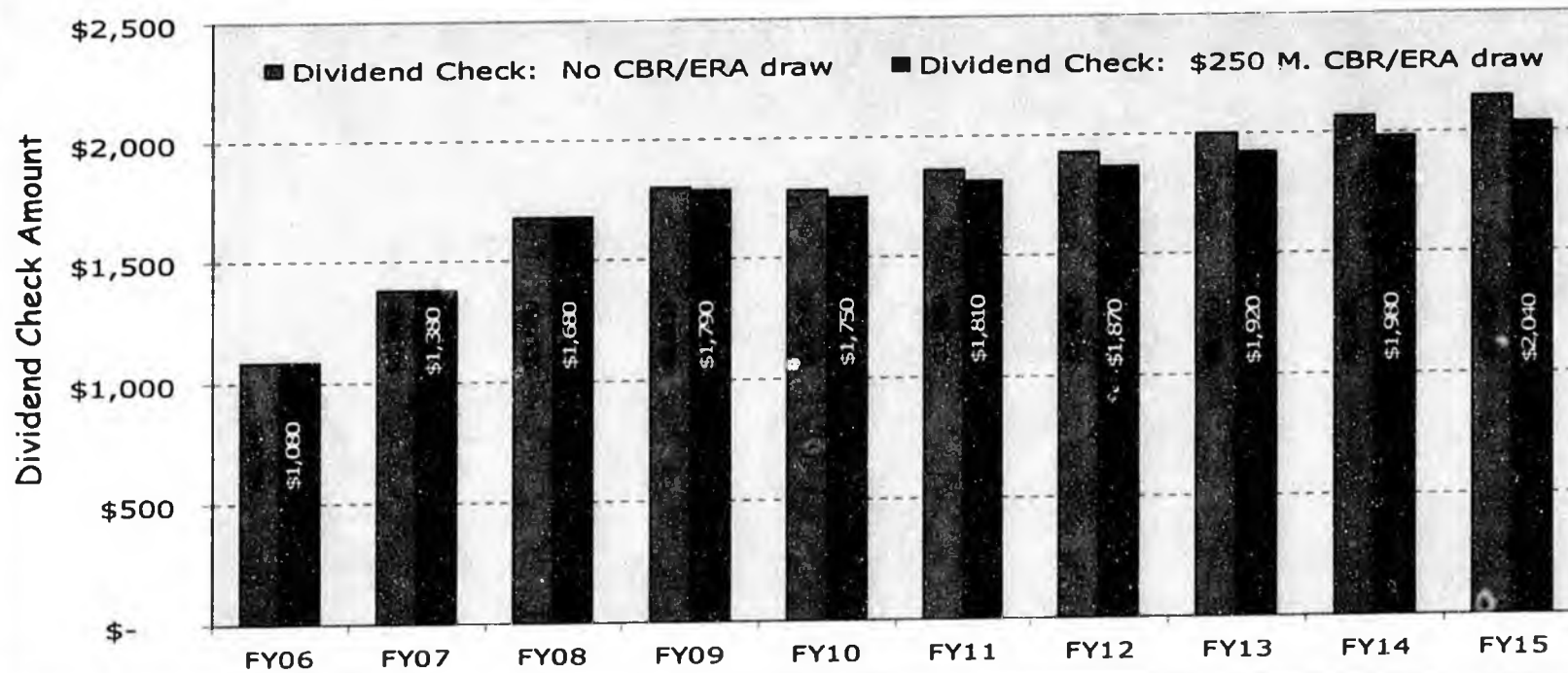
... but what about my check
 if you use the Earnings Reserve?

Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	\$0	\$2	\$4	\$7	\$12	\$18	\$25	\$31	\$38	\$44
300	150	\$0	\$2	\$5	\$11	\$18	\$27	\$37	\$47	\$56	\$66
400	200	\$0	\$3	\$7	\$14	\$24	\$36	\$49	\$62	\$75	\$88
500	250	\$0	\$3	\$9	\$18	\$30	\$45	\$61	\$77	\$93	\$110
600	300	\$0	\$4	\$11	\$21	\$36	\$54	\$73	\$93	\$112	\$132
700	350	\$0	\$4	\$12	\$25	\$42	\$63	\$85	\$108	\$131	\$154
800	400	\$0	\$5	\$14	\$28	\$48	\$72	\$98	\$123	\$149	\$176
900	450	\$0	\$6	\$16	\$32	\$54	\$81	\$110	\$139	\$168	\$199
1,000	500	\$0	\$6	\$18	\$35	\$60	\$90	\$122	\$154	\$187	\$221

Source: Legislative Finance (Based on 7.6% rate of return, Perm Fund Financial Projections, Dec. 31, 2004)

... how does this compare to status quo?


How much less is my PFD if the Legislature draws \$250 M from the ERA every year for 10 years?



Source: Legislative Finance

Answer: In five years, it's 30 less. In ten years, it's \$110 less. 19

... let's compare alternative revenue sources.



Income Tax
Raise \$250 Million
Cost \$1,000
(\$57,000 Adj. Gross Income)
Source: Department of Revenue

Married, Two Children



Sales Tax
Raise \$250 Million
Cost \$950
(\$57,000 Adj. Gross Income)
Source: Department of Revenue (2.75% Sales Tax)

Married, Two Children



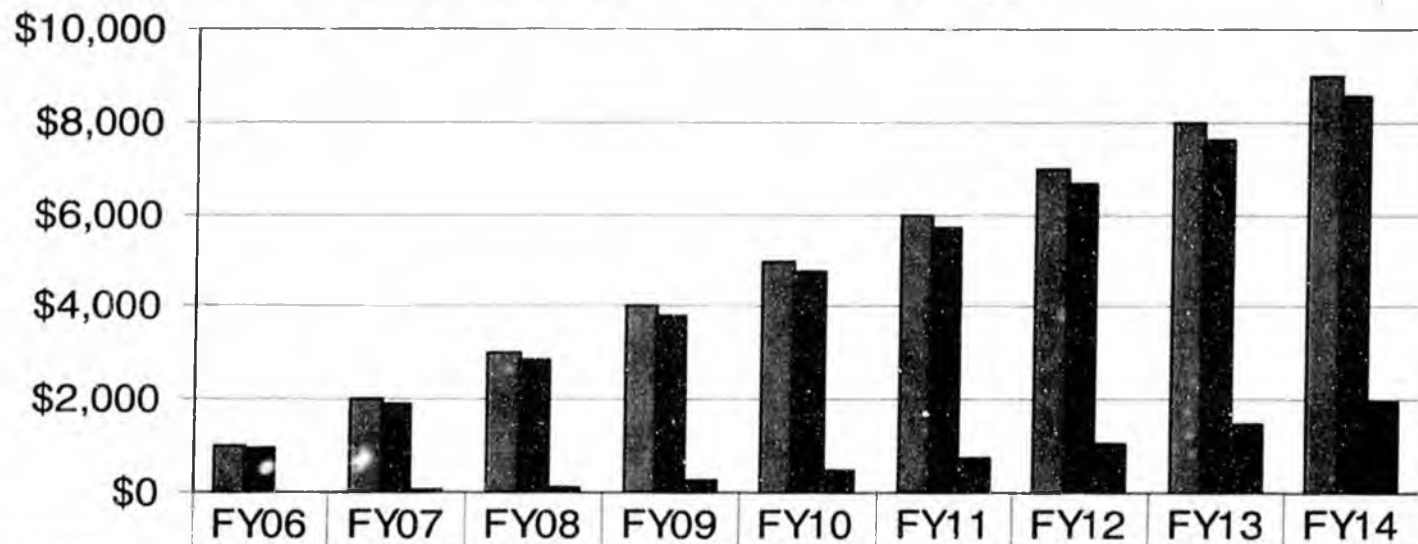
Earnings Reserve
Raise \$250 Million
Cost \$12
(Slide 18)
Source: Legislative Finance

Married, Two Children

Under the Bridge to Development Plan (SB 88),
all Alaskans share in the Power of Earnings.

... and what about over time?

Cumulative Cost to a Family of Four

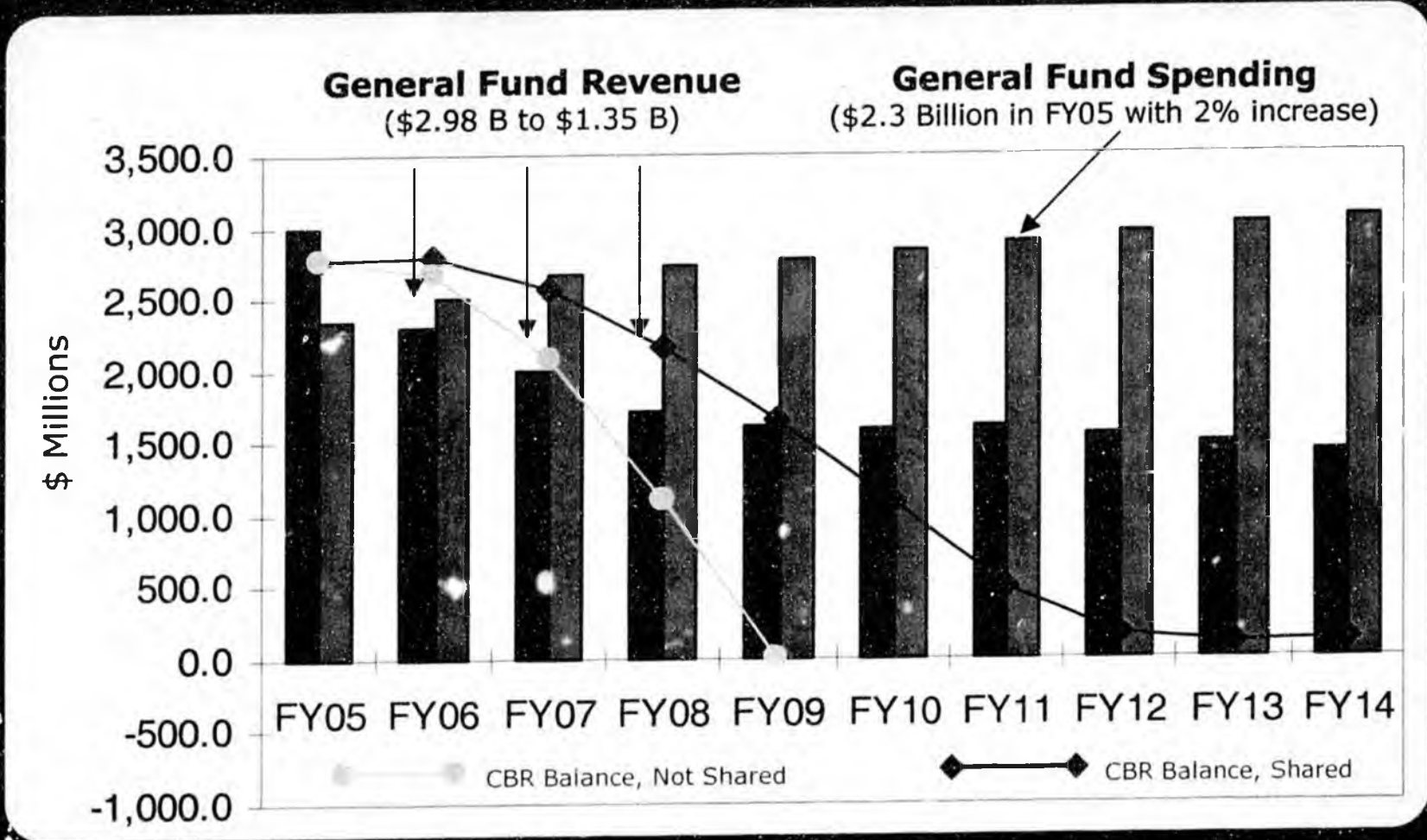


■ Income Tax	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$8,000	\$9,000
■ Sales Tax	\$950	\$1,900	\$2,850	\$3,800	\$4,750	\$5,700	\$6,650	\$7,600	\$8,550
■ Earnings Reserve	\$12	\$52	\$128	\$256	\$452	\$716	\$1,052	\$1,460	\$1,940

Source: Department of Revenue and Legislative Finance

Cost to fill \$500 fiscal gap: \$250 M from CBR and \$250 M from one of three options.

... but does this help the CBR?



Source: Legislative Finance - expected CBR return @ 4.7% plus expected settlements





... let's use only when needed

Senate Bill 88 demands spending accountability because . . .

- (1) the Earnings Reserve Account is the people's money and
- (2) each legislator must answer to the public on how much was spent from the Earnings Reserve to fund state services.

. . . and to summarize

The Bridge to Development Plan

-  Recognizes Alaska's natural resource potential and opportunity for jobs
-  Recognizes the power of the Earnings Reserve – *the crown jewel of a fiscal plan*
-  Bridges the State of Alaska revenue needs until development can occur
-  Establishes accountability by forming a spending partnership with all voters

. . . and . . .



When needed, minimizes the financial impact on Alaska families



Doubles the life of the CBR



Strengthens the Alaska's bond rating and saves millions of dollars



Provides Alaska with a stable and dependable long term fiscal plan

Thank You!

Gary Wilken, Prime Sponsor
Senate Bill 88

Senate Bill 88

A Bridge to Development



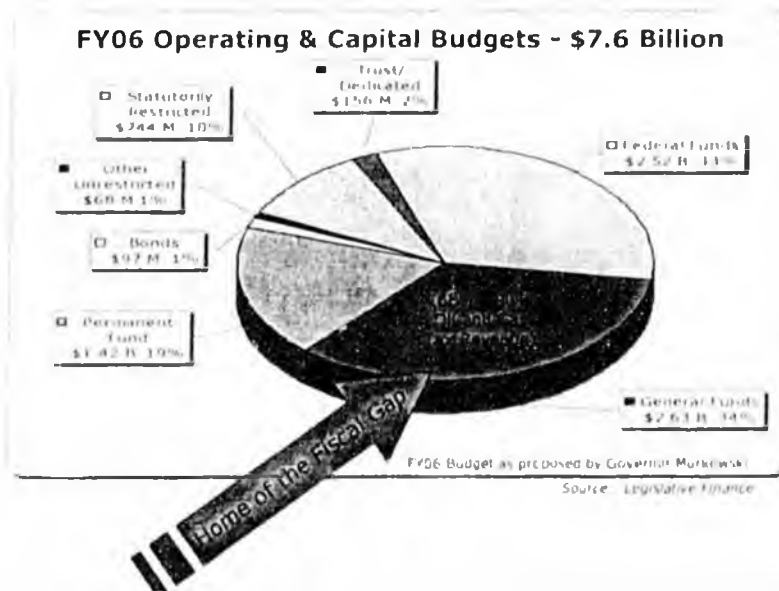
*A Policy on General Fund
Revenue Shortfall*

"It is the policy of the State of Alaska that the amounts necessary to cover a projected shortfall in general fund revenue during a fiscal year be appropriated equally from the Constitutional Budget Reserve fund and the Earnings Reserve Account."

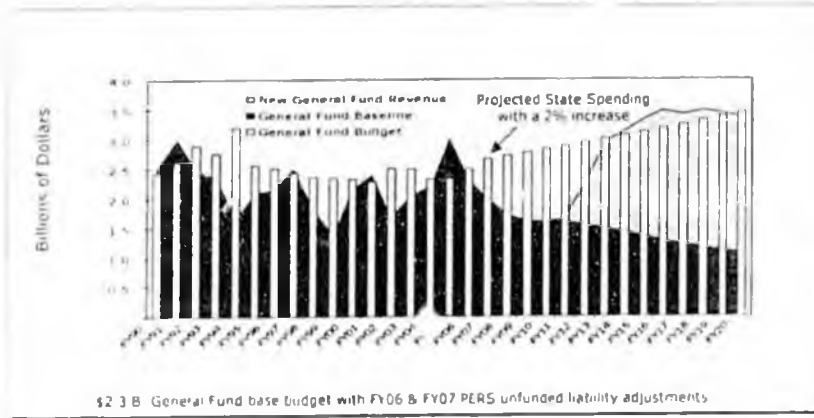
AS 37.07.010 Executive Budget Act

SB 88
says

Why? Where's the problem?



... and what's the problem?

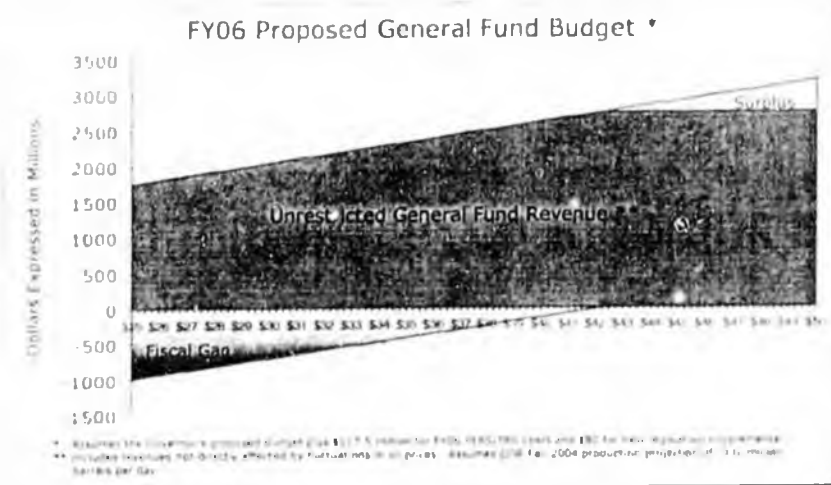


Source: Legislative Finance

General Fund revenue can be less than General Fund expenditures.

... but things can change quickly

"For the Good or for the Bad"



Source: Legislative Finance

... and they have

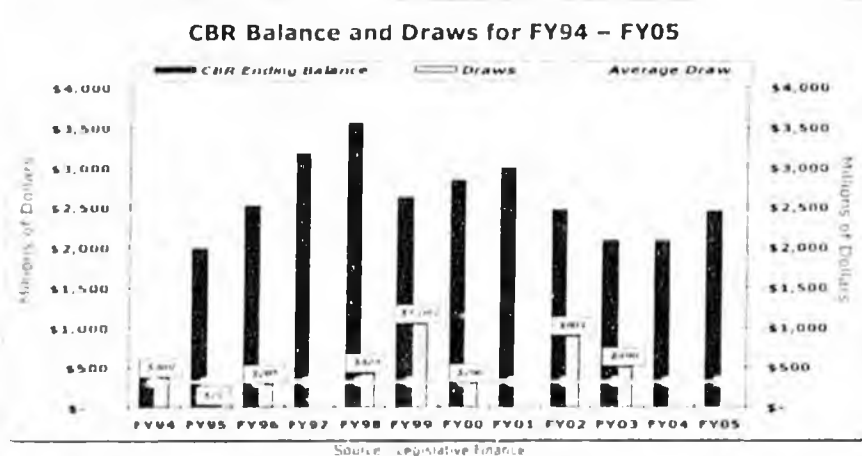
**ALASKA CONSTITUTION
ARTICLE IX**

Section 17. Budget Reserve Fund (a)
There is established as a separate fund in the State treasury the budget reserve fund. Except for money deposited into the permanent fund under Section 15 of this article, all money received by the state after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments of bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. Money may be appropriated from the fund only as authorized under (b) or (c) of this section.

voters approved amendment in 1990

- The CBR has been used to fill the fiscal gap 8 out of 12 years.
- Approximately \$5.5 billion has been withdrawn.
- The state has deposited into the CBR \$5.6 billion and earned \$1.6 billion in interest.

... for example



- Draw 8 out of 12 years
- Average draw \$318 M
- Current balance \$2.1 B

... Alaska is a resource state

"Alaska has about 22 percent of the nation's 'known' oil reserves and 19 percent of the country's known natural gas."
Governor Murkowski, 12/14/2003

"TransCanada submits application to state, says 2012 start-up possible"
Petroleum News, 6/6/04

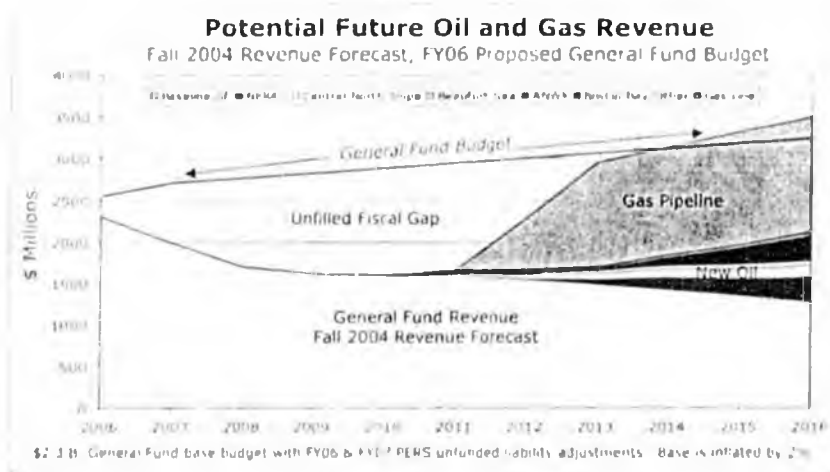
"Alaska officials consult bankers on gas pipeline"
Bond News, May 27, 2004

"\$53.9 million in NPR-A bids offered"
Fairbanks Daily News-Miner, 6/3/04

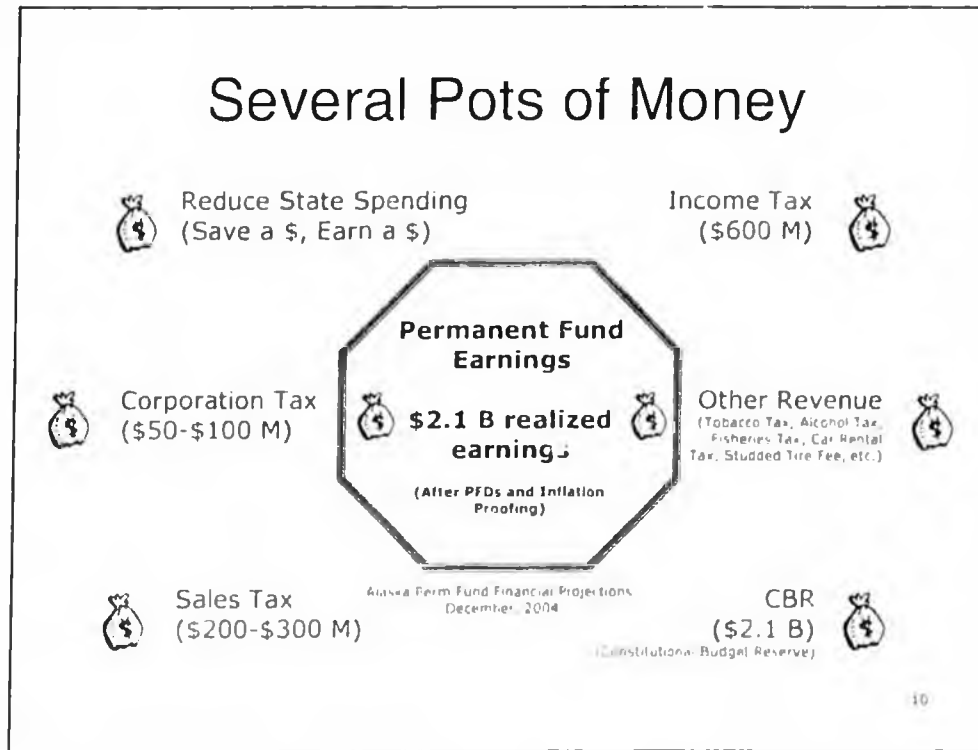
Federal land managers proposed giving oil drillers access to a forbidden chunk of the North Slope national petroleum reserve."
Anchorage Daily News, 6/10/04

... a bridge is needed

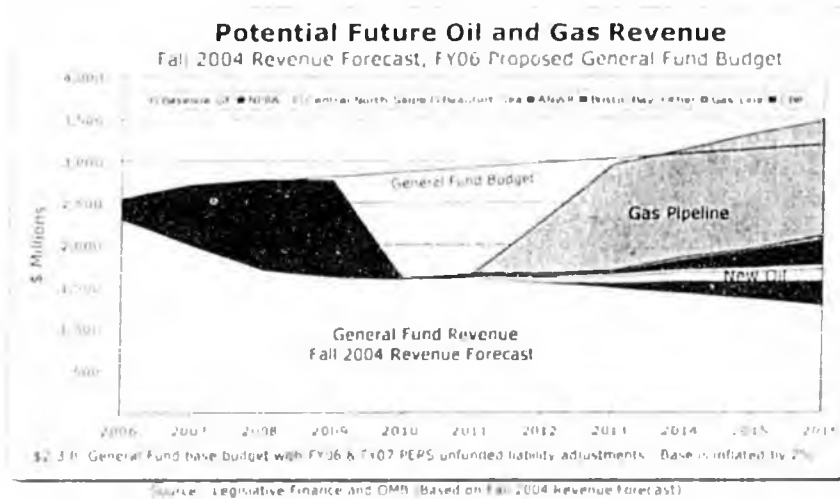
From Today to Development



Several Pots of Money



... why not just the CBR?

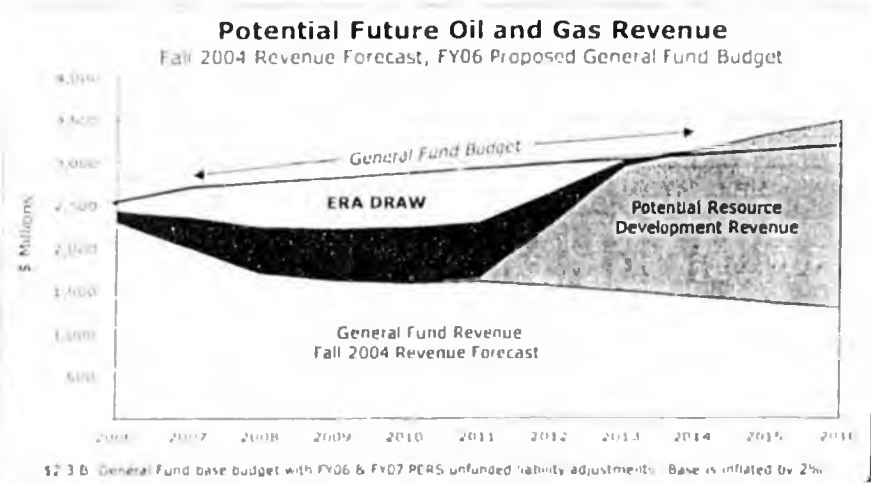


... so what if ...

The Legislature splits the future fiscal gaps with equal contributions from the Constitutional Budget Reserve and the Earnings Reserve Account?
(SB 88)

12

... and we build a bridge



13

... but can we?

**An Alaskan's
Guide to the Permanent Fund**

The Fund would help create an investment base to continually generate future income. When oil ran out, Alaska would still have a major source of state revenues. Alaskans could use these revenues to pay the costs of basic government services, or for whatever purposes future generations of Alaskans decided.

Each year, the Fund would channel a significant portion of the oil revenues away from the legislature. Less state income reduces the opportunity for excessive state spending.

The Fund would transform non-renewable oil wealth into a renewable source of wealth for future generations of Alaskans.

Alaska Permanent Fund Corporation
9th Edition, 1998, Pages 1 & 2

Yes, We Can!!!!

The Earnings Reserve Account, a result of wise investment of our Permanent Fund, has been and still is available to the legislature by a simple majority vote of 21-11.

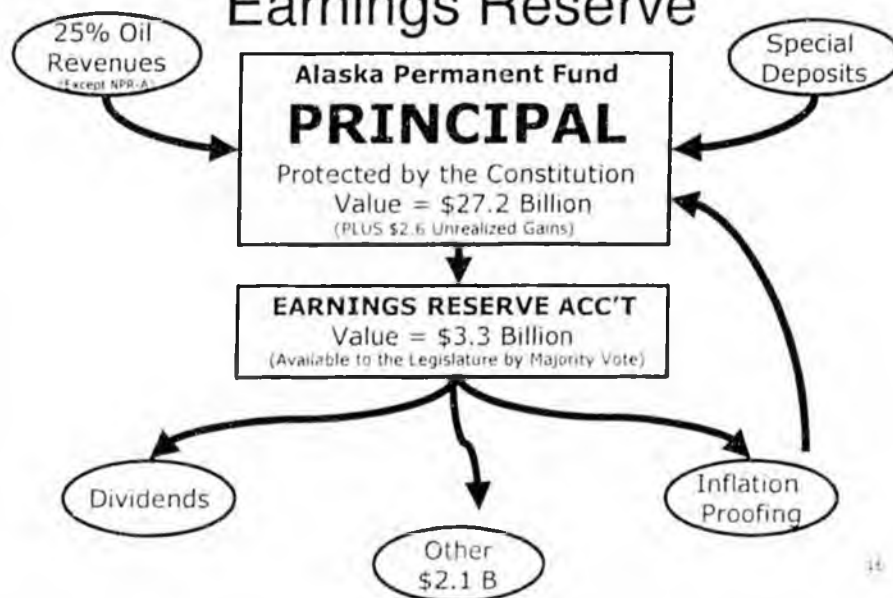
PF financial projections say . . .

**ALASKA PERMANENT FUND
FUND FINANCIAL HISTORY & PROJECTIONS
AS OF DECEMBER 31, 2004**

The table displays financial data for the Alaska Permanent Fund from 1976 to 2004, with projections for 2005 through 2010. Key columns include: Year, Revenue, Expenses, Earnings, and Fund Balance. The 'PROJECTIONS' section shows a significant increase in earnings and fund balance over the next six years.

Year	Revenue	Expenses	Earnings	Fund Balance
1976	10,000	5,000	5,000	5,000
1977	15,000	7,500	7,500	12,500
1978	20,000	10,000	10,000	22,500
1979	25,000	12,500	12,500	35,000
1980	30,000	15,000	15,000	50,000
1981	35,000	17,500	17,500	67,500
1982	40,000	20,000	20,000	87,500
1983	45,000	22,500	22,500	110,000
1984	50,000	25,000	25,000	135,000
1985	55,000	27,500	27,500	162,500
1986	60,000	30,000	30,000	192,500
1987	65,000	32,500	32,500	225,000
1988	70,000	35,000	35,000	260,000
1989	75,000	37,500	37,500	297,500
1990	80,000	40,000	40,000	337,500
1991	85,000	42,500	42,500	380,000
1992	90,000	45,000	45,000	425,000
1993	95,000	47,500	47,500	472,500
1994	100,000	50,000	50,000	522,500
1995	105,000	52,500	52,500	575,000
1996	110,000	55,000	55,000	630,000
1997	115,000	57,500	57,500	687,500
1998	120,000	60,000	60,000	747,500
1999	125,000	62,500	62,500	810,000
2000	130,000	65,000	65,000	875,000
2001	135,000	67,500	67,500	942,500
2002	140,000	70,000	70,000	1,012,500
2003	145,000	72,500	72,500	1,085,000
2004	150,000	75,000	75,000	1,160,000
2005 (P)	155,000	77,500	77,500	1,237,500
2006 (P)	160,000	80,000	80,000	1,317,500
2007 (P)	165,000	82,500	82,500	1,400,000
2008 (P)	170,000	85,000	85,000	1,484,500
2009 (P)	175,000	87,500	87,500	1,571,500
2010 (P)	180,000	90,000	90,000	1,661,500

Our Permanent Fund and our Earnings Reserve



Alaska's Crown Jewels

The Constitutional Budget Reserve fund and the Earnings Reserve Account



- Only legislature in America deciding how to manage \$31 billion for 650,000 people
- Every minute, every hour, every day, the world helps build Alaska by
 - Investing in corporate America
 - Investing in America's society
 - Investing in America's future
- The CBR and the ERA form the abutment to our Bridge to Development

17

... but what about my check
If you use the Earnings Reserve?

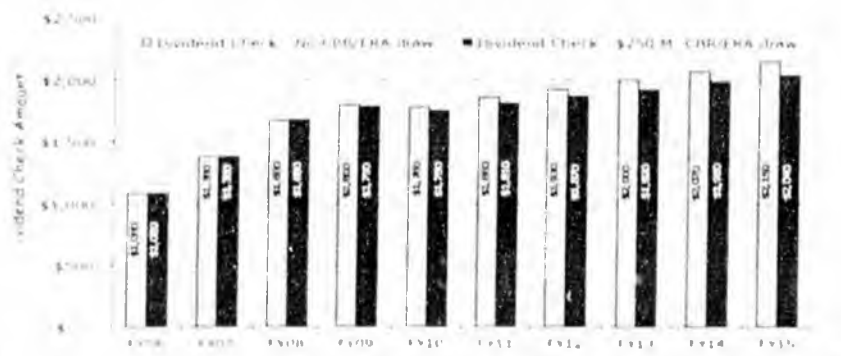
Fiscal Gap (millions)	ERA Draw (millions)	Fiscal Years Ahead									
		1	2	3	4	5	6	7	8	9	10
200	100	\$0	\$2	\$4	\$7	\$12	\$18	\$25	\$31	\$38	\$44
300	150	\$0	\$2	\$5	\$11	\$18	\$27	\$37	\$47	\$56	\$66
400	200	\$0	\$3	\$7	\$14	\$24	\$36	\$49	\$62	\$75	\$88
500	250	\$0	\$3	\$9	\$18	\$30	\$45	\$61	\$77	\$93	\$110
600	300	\$0	\$4	\$11	\$21	\$36	\$54	\$73	\$93	\$112	\$132
700	350	\$0	\$4	\$12	\$25	\$42	\$63	\$85	\$108	\$131	\$154
800	400	\$0	\$5	\$14	\$28	\$48	\$72	\$98	\$123	\$149	\$176
900	450	\$0	\$6	\$16	\$32	\$54	\$81	\$110	\$139	\$168	\$199
1 000	500	\$0	\$6	\$18	\$35	\$60	\$90	\$122	\$154	\$187	\$221

Source: Legislative Finance (based on 7.6% rate of return - Perm Fund Financial Projections, Item 31, 2004)

18

... how does this compare to
 status quo?


How much less is my PFD if the Legislature draws \$250 M from the ERA every year for 10 years?





Source: Legislative Finance

Answer: In five years, it's 30 less. In ten years, it's \$110 less. 19

... let's compare alternative revenue sources.

 **Income Tax**
 Raise \$250 Million
 Cost \$1,000
 (\$57,000 Adj. Gross Income)
 Source: Department of Revenue

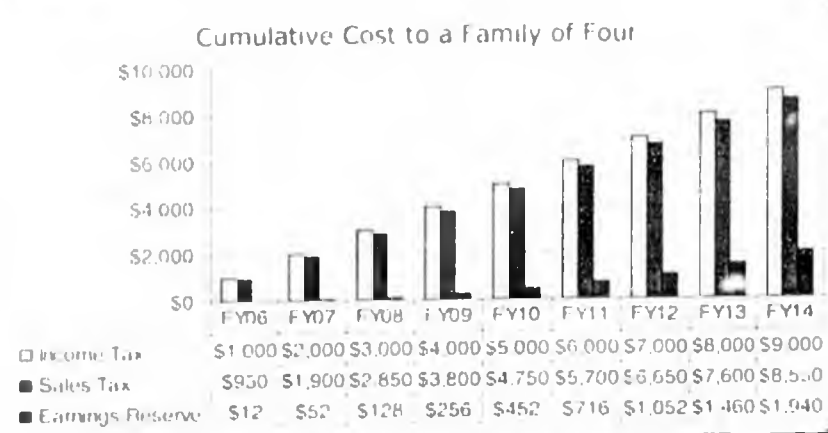
 **Sales Tax**
 Raise \$250 Million
 Cost \$950
 (\$57,000 Adj. Gross Income)
 Source: Department of Revenue (2.75% Sales Tax)

 **Earnings Reserve**
 Raise \$250 Million
 Cost \$12
 (Side 18)
 Source: Legislative Finance

Under the Bridge to Development Plan (SB 88), all Alaskans share in the Power of Earnings.

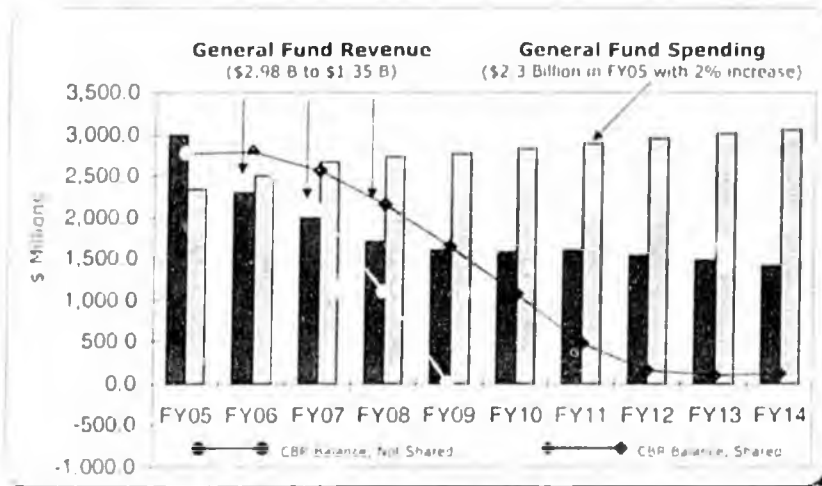
Information is based on the original and final implementation.

... and what about over time?



Cost to fill \$500 fiscal gap: \$250 M from CBR and \$250 M from one of three options.

... but does this help the CBR?



Source: Legislative Finance. Assumes CBR return @ 4.7% plus expected supplements.

... let's use only when needed

Senate Bill 88 demands spending accountability because . . .

- (1) the Earnings Reserve Account is the people's money and
- (2) each legislator must answer to the public on how much was spent from the Earnings Reserve to fund state services.

... and to summarize

The Bridge to Development Plan



Recognizes Alaska's natural resource potential and opportunity for jobs



Recognizes the power of the Earnings Reserve - *the crown jewel of a fiscal plan*



Bridges the State of Alaska revenue needs until development can occur



Establishes accountability by forming a spending partnership with all voters

... and ...



When needed, minimizes the financial impact on Alaska families



Doubles the life of the CBR



Strengthens the Alaska's bond rating and saves millions of dollars



Provides Alaska with a stable and dependable long term fiscal plan

Thank You!

Gary Wilken Prime Sponsor
Senate Bill 88

SB

90

ALASKA STATE LEGISLATURE

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Charlie Huggins
Senator

24-LSO459\Y

SPONSOR STATEMENT

SENATE BILL 90

Alaska Territorial Guard Day

Senate Bill 90 would declare October 18 as Alaska Territorial Guard Day.

December 7, 1941, Japanese forces bombed Pearl Harbor in a surprise attack on the United States Navy. Around six months later, the Japanese seized the islands of Attu and Kiska and bombed Dutch Harbor killing forty-three Americans. Soon after, Governor Ernest Gruening was assigned two military aides to assist him in forming the Alaska Territorial Guard in order to protect and defend the US Territory that was Alaska. The first, Captain Carl Schneibner, was responsible for organizing the Guard in the Interior. The second, Major Marvin "Muktuk" Marston, was responsible for organizing the Guard on the Bering and Arctic Coasts. These two men went to their recruiting areas with a message from the President of the United States and the Governor of Alaska, asking for help in defending the Alaska Territory. Their combined efforts resulted in a total number of about 6,500 predominately Alaskan Native men signing up to defend their Territory, Country and the general good of all mankind. Dressed in WWI uniforms and shouldering Enfield rifles, the Alaska Territorial Guard succeeded in defending Alaska until its disbandment in the month of March 1947. After the disbandment, Gov. Gruening included members into the regular Alaska National Guard as scout battalions.

Until the year of 2004, these valiant volunteers had not been recognized as veterans. On October 18, the first members of the Alaska Territorial Guard were recognized by the United States Army as Veterans. This bill is dedicated to the memory of those who served so bravely for our great state.

Contact Information:
Ryan Moore - Legislative Staff
907-465-3878

ALASKA STATE LEGISLATURE

SENATE STATE AFFAIRS COMMITTEE

Senator Gene Therriault, Chair
Senator Tom Wagoner, Vice Chair
Senator Charlie Huggins
Senator Bettye Davis
Senator Kim Elton



State Capitol, Room 119
Juneau, AK 99811-1182
907.465.4522
907.465.3884 fax

Letter of Intent

CS SENATE BILL 90 (STA)

February 18, 2005

It is the intent of the Alaska State Legislature in passing this bill to establish October 18 of each year to acknowledge and commemorate the service of members of the Alaska Territorial Guard in defense of Alaska and the United States during World War II.

On December 7, 1941, Japanese forces bombed Pearl Harbor in a surprise attack on the United States Navy. Six months later the Alaska islands of Attu and Kiska were seized and Dutch Harbor was bombed by the Japanese. The attack on Alaska resulted in the deaths of 43 Americans.

With the arrival of war, Alaska's National Guard was pressed into federal service leaving most of the Interior and Western coastal regions of the territory with inadequate protection. Alaska Governor Ernest Gruening sought and received permission from Congress to organize a volunteer civilian militia, thus the Alaska Territorial Guard was formed.

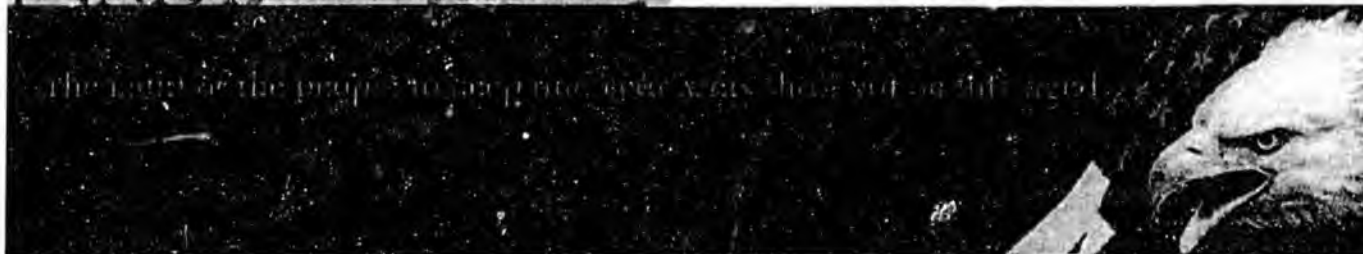
Captain Carl Schneibner and Major Marvin "Muktuk" Marston were responsible for organizing the guard in the Interior Region and the Bering and Arctic Regions, respectively. The two men went to their regions with a recruitment message from the President of the United States and the Governor of Alaska. The people of Alaska responded.

The guard was made up of some 6,500 Alaskans who were predominantly Alaska Natives and served in defense of Alaska from 1942, through World War II, until 1947. On October 18, 2004, the first members of the Alaska Territorial Guard were recognized as veterans by the United States Army. It is appropriate that the State of Alaska commemorate the service of the Alaska Territorial Guard.

This bill is dedicated to the memory of those who served so bravely for our great state.



ARCHIVE



Thin White Line | ARCHIVES

Japan Rattles its Saber As early as 1937, Anthony J. Dimond, Alaska's sole delegate to the United States Congress attempting to persuade Washington to provide protection to the Alaska Territory—a vast land sorely in need of fortification. These attempts at persuasion came after Japanese fishermen, believed to be military scouts in disguise, spotted conducting reconnaissance missions near several Alaskan harbors.

The answer to Dimond's inquiries to the military brass, however, was disquieting. "For the reason that the mainland Alaska is so remote from the strategic areas of the Pacific," U.S. Army Chief of Staff Malin Craig responded, "it is difficult to conceive of circumstances in which air operations therefrom would contribute materially to the national defense."

This proved to be a Catch-22 for the territory, as its remoteness, in the military's eyes, afforded no urgency for protection. This same remoteness, though, would prove to be Alaska's greatest vulnerability.

Some token assistance, however scant, did come from the military prior to the beginning of war. In 1940 Congress appropriated several million dollars toward burgeoning the defenses of Alaska, resulting in the construction of several military installations across the territory. Still, the hopes of a substantial infrastructure suited to deflect a foreign invasion remained unrealized.

In 1941, the 700-plus Eskimos and one white teacher on St. Lawrence Island south west of Nome witnessed an alarm display. A Japanese naval vessel spent several days studying the island, taking pictures of the shoreline and conducting soundings at various points. They talked to the Eskimos there and then moved off in the direction of Nome. Approximately 10 days later, a column of smoke was seen on the island, and the ship returned once again, this time heading out to sea. It was supposed that several Japanese had been dropped on the island at the ship's first passing and, once they had researched to their desire, signaled the vessel with smoke to retrieve them.

Yet Japan's intentions would become abundantly clear the morning of Dec. 7, 1941, when Pearl Harbor was struck by Japanese aircraft, killing 2,400 Americans and, for a time, crippling the United States' Pacific fleet.

With the arrival of war, Alaska's National Guard, the 297th Infantry, was pressed into federal service, leaving most of the interior and western coastal regions of the territory with inadequate protection. Alaska Gov. Ernest Gruening received permission from Congress to organize a volunteer civilian militia to protect the vast terrain of Alaska.

Thus the Alaska Territorial Guard, or ATG, was formed. In doing so, Gruening created a shining example of true home security, wherein every able-bodied civilian not central to the war effort would be provided firearms and help aid in the protection of the United States.

Formation of the Alaskan Guard

Gov. Gruening was assigned two military aides to assist in the formation of the Alaska Territorial Guard. Captain Carl Schneibner was tasked with organizing the atg in the interior of Alaska, while Major Marvin R. Marston was assigned to organizing the territory along the Bering and Arctic coasts.

On June 3 and 4, 1942, Japanese Zeros bombed Dutch Harbor, a military installation on Unalaska Island of the Aleutians. Forty-three Americans were killed. Soon after, Imperial forces seized the islands of Attu and Kiska, the first instance of foreign occupation of U.S. soil since the War of 1812.

As regular U.S. forces flooded into the Aleutian Islands to repel the Japanese attack, the role of the Alaska Territorial Guard in protecting the rest of Alaska and maintaining the polar supply route to the Soviet Union—through which supplies and aircraft were moved to battle Japan's ally Germany—became even more urgent.

The Alaska Territorial Guard was supplied with WW1 uniforms and Enfield rifles. And though ammunition was sometimes in short supply, the native Alaskans who made up the majority of the ATG—Eskimos, Indians and Aleuts—never wavered in their service.

This "Tundra Army" became the eyes and ears of the U.S. military across the desolate regions of the northwestern frontier. At each village, the local territorial guard was asked to keep watch for unusual people, objects, ships or aircraft and report such instances to the nearest military authority. They were also to maintain community-wide blackouts to offset any Japanese reconnaissance that may be operating in the area and, through the guns supplied them, defend their villages from attack.

In his account of the formation of the ATG, *Men of the Tundra*, Major "Muktuk" Marston ("Muktuk" being an Eskimo word for whale skin and blubber) describes his trip by dog sled through the frozen Seward Peninsula to bring word of the Alaska Territorial Guard to the native people and ask for assistance in helping defend their villages, and nation, from the Japanese.

"The President of the United States and the Governor of Alaska have told me to come and ask your help," Marston would declare to those gathered at the schoolhouse of every village he called upon. "The Japanese have bombed our ships and people at Pearl Harbor. They have dropped their bombs on Alaska at Dutch Harbor. They will come with more bombs. We do not know where they will strike next. ... Will you keep the Japanese out? Will you keep a lookout along your shores? You men who will help your country against the Jap, come forward now and sign your names."

"Invariably," Marston states, "every Eskimo to a man moved forward to sign or mark the simple enrollment blank."

After signing up for the ATG, the new recruits were given Enfields, ammunition and a shoulder patch signifying membership, and led through a short drill on the manual of arms.

And in every village Marston visited, the native population was obliged to help in the cause of defense, resulting in 10 percent participation among those eligible for enrollment. Even those of an age and sex not sanctioned at the outset of formation became members. In a time of national defense, it was wisely conceded that such arbitrary parameters would only hinder the formation of an effective homeland guard—considering there were those both elderly and young, male and female, who were quite able to assist in the defense.

In his chronicle *Cruise of the Ada*, Henry Varnum Poor describes the recruitment of two 14-year-old young men into the Alaska Territorial Guard. Poor, an artist with the War Art Program, accompanied Marston on a boat trip along the Bering and Arctic coasts, stopping at villages to recruit members into the ATG. The cruise took the crew of the *Ada* as far as Barrow, the northernmost point of Alaska and location of the final flight of Will Rogers and Wiley Post.

"Two 14-year-old boys came back with the Major to be sworn into the guard and get rifles," Poor writes of their stop at Point Lay, situated along the edge of the Arctic Coastal Plain. "The teacher and all the men had testified that one had seven, the other 10, caribou during the winter, and on that the Major had agreed to make an exception and admit them into the guard. 'If he's big enough to hunt caribou, he can hunt Japs,' was the Major's verdict, and they were proud and happy kids." Gov. Gruening, in his introduction to *Men of the Tundra*, recalls witnessing a youth near the village of Koc carrying a rifle from which hung four ptarmigans. Having winged the arctic grouse with the rifle, and not a shotgun, the young man was enrolled in the guard. He was 12.

Many over the initial age limit were allowed to join as well. Marston mentions his meeting with an 80-year-old half-Eskimo half-Russian man who wanted to be in the ATG. He had lived in Alaska during the time of Russian rule and, when the territory had been ceded to the United States, his family had decided to stay. He too wanted to protect his homeland.

"I want to kill Japs. Many time when we hungry for fish Japs take our fish, and we have not fish," the old man told Marston. "I said, 'Thanks, Paul, that's fine. I am glad you feel that way, but you are a sick man,'" Marston responded. "'I am not sick,' he said, and stood right up saying, 'I'm just resting.' I still didn't want him and I said, 'Paul, you have eyes to shoot with.'"

"With resentment in his voice, he replied, 'Who say so?' He wore no glasses. He picked a gun off the wall, stepped on the front porch and said, 'Major, pick a target.' I said, 'That can down there on the shore of the river.'

"He pulled the gun up and put a bullet right in the end of it."

The man was immediately given an atg shoulder patch.

Women, too, were an integral part of the Alaska Territorial Guard, and they didn't disappoint in their marksmanship. One female member of the ATG, Laura Wright, recalls in a documentary of the Alaska Territorial Guard, entitled *Uncle Sam's Men*, how she upstaged the men of her group during a round of target practice.

"I got the gun, and they had the practice out in the field, on the snow," Wright recalls. "I hit every target but one right the bull's-eye, and I shot the other bull's-eye twice and left the other one vacant ... that is the reason I got 49 out of 50. So I won the target-shooting practice."

The prowess of the Alaska Territorial Guardsmen in planting a slug in the bull's-eye became well known throughout military circles. Awards ceremonies honoring ATG members that proved themselves expert marksmen stretched into hours.

A Sea Change in the Pacific

By May of 1943, U.S. troops began the assault of the island of Attu, attempting to rout the some 2,300 Japanese soldiers occupying the western-most island of the Aleutian chain.

With the U.S. Navy maintaining a blockade, the Japanese forces on Attu were cut off from resupply; the mountainous terrain kept them contained on the eastern portion of the island. U.S. troops, among them members of the ATG, pushed the Japanese inward from Holtz Bay, as another contingent fought their way north from Massacre Bay.

On May 29, 1943, surrounded by 15,000 American troops, the 750 remaining Japanese on Attu attempted a counteroffensive. By American bullets and by their own hands, the Japanese forces were whittled to less than 300. American dead numbered 550.

U.S. forces then turned their sights on the island of Kiska, where over 5,000 Japanese soldiers were believed to be huddled. Yet on July 28, hidden by a shroud of fog, the Japanese were able to evacuate and slip through American patrols without detection.

Japanese forces had occupied American soil for more than a year.

Through the remainder of the war, members of the Territorial Guard would maintain their watch over Alaska's frozen shores. They continued their meetings, practiced their drills and kept an eye open for anything suspicious.

But toward the end of the war, about the only thing suspicious in the skies over Alaska came in the form of bomb-laden balloons the Japanese released into the Gulf Stream, hoping to rain destruction and havoc upon the American mainland. This, however, proved to be the death knell of a mortally wounded empire, as most of the 9,000 balloons released by Japanese drifted off course, causing no damage. Many found their way to Alaska, and were retrieved by members of the ATG.

Reverberations Through Time

The Alaska Territorial Guard was disbanded in March of 1947. Yet the motivation and skill the members exhibited during their tenure as the eyes and ears of the Alaskan frontier prompted Gov. Gruening to push for the tundra army's inclusion in the regular Alaska National Guard, where they were included as "scout battalions."

Throughout those anxious years of the Cold War, these scout battalions maintained their post along the Bering Strait, watching for signs of an enemy intent on occupying American soil. This time, however, it was the Soviet Union for whom the guards watched, visible there across a small ribbon of water. Many assumed that, if the beginning of World War II were to come, it would be an Alaskan scout who would signal the call to arms.

True, the story of the Alaska Territorial Guard resonates today because it is a story of an armed populace protecting itself.

nation from those who bring destruction; the image of a man or woman with a gun preserving what he or she holds dear. It is a symbol accorded us through time immemorial, and a lesson that speaks of challenges we may well face in the future.

Yet there's another important aspect to the story of the ATG: the idea that a person armed is a person not so easily subjugated. Through their service in the ATG, native Alaskans became organized and began insisting on the respect and freedom promised by the government they were working to protect.

Through the simple act of becoming armed and organized, the strength these people gained through the ATG began to filter into every other aspect of society. Eskimos, Indians and Aleuts—people who before the formation of the atg had denied the right to even sit where they wanted in a movie theatre—in growing numbers became business owners, legislators and community leaders.

Through the actions of the over 3,000 members of the Alaska Territorial Guard, we are shown a people who bravely answered the call to protect their land, and in doing so gained a greater share of freedom.

[American Rifleman](#) | [American Hunter](#) | [America's 1st Freedom](#) | [Woman's Outlook](#) | [Shooting Illustrated](#) | [Shooting Sports USA](#) | [NRA InSig](#)
[President's Column](#) | [Standing Guard](#) | [Armed Citizen](#) | [Regional Report](#) | [Archives](#)
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ARCHIVE



Thin White Line | ARCHIVES

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Some token assistance, however scant, did come from the military prior to the beginning of war. In 1940 Congress appropriated several million dollars toward burgeoning the defenses of Alaska, resulting in the construction of several military installations across the territory. Still, the hopes of a substantial infrastructure suited to deflect a foreign inva remained unrealized.

In 1941, the 700-plus Eskimos and one white teacher on St. Lawrence Island southwest of Nome witnessed an alarm display. A Japanese naval vessel spent several days studying the island, taking pictures of the shoreline and conducti soundings at various points. They talked to the Eskimos there and then moved off in the direction of Nome. Approxim 10 days later, a column of smoke was seen on the island, and the ship returned once again, this time heading out to It was supposed that several Japanese had been dropped on the island at the ship's first passing and, once they researched to their desire, signaled the vessel with smoke to retrieve them.

Yet Japan's intentions would become abhorrently clear the morning of Dec. 7, 1941, when Pearl Harbor was struck by Japanese aircraft, killing 2,400 Americans and, for a time, crippling the United States' Pacific fleet.

With the arrival of war, Alaska's National Guard, the 297th Infantry, was pressed into federal service, leaving most of interior and western coastal regions of the territory with inadequate protection. Alaska Gov. Ernest Gruening received permission from Congress to organize a volunteer civilian militia to protect the vast terrain of Alaska.

Thus the Alaska Territorial Guard, or ATG, was formed. In doing so, Gruening created a shining example of true home security, wherein every able-bodied civilian not central to the war effort would be provided firearms and help aid in th protection of the United States.

Formation of the Alaskan Guard

Gov. Gruening was assigned two military aides to assist in the formation of the Alaska Territorial Guard. Captain Carl Schneibner was tasked with organizing the atg in the interior of Alaska, while Major Marvin R. Marston was assigned I organizing the territory along the Bering and Arctic coasts.

On June 3 and 4, 1942, Japanese Zeros bombed Dutch Harbor, a military installation on Unalaska Island of the Aleuti Forty-three Americans were killed. Soon after, Imperial forces seized the islands of Attu and Kiska, the first instance of foreign occupation of u.s. soil since the War of 1812.

As regular U.S. forces flooded into the Aleutian Islands to repel the Japanese attack, the role of the Alaska Territorial Guard in protecting the rest of Alaska and maintaining the polar supply route to the Soviet Union—through which supplies and aircraft were moved to battle Japan's ally Germany—became even more urgent.

The Alaska Territorial Guard was supplied with WW1 uniforms and Enfield rifles. And though ammunition was sometimes in short supply, the native Alaskans—who made up the majority of the ATG—Eskimos, Indians and Aleuts—never wavered in their service.

This "Tundra Army" became the eyes and ears of the U.S. military across the desolate regions of the northwestern frontier. At each village, the local territorial guard was asked to keep watch for unusual people, objects, ships or aircraft and report such instances to the nearest military authority. They were also to maintain community-wide blackouts to offset any Japanese reconnaissance that may be operating in the area and, through the guns supplied them, defend the villages from attack.

In his account of the formation of the ATG, *Men of the Tundra*, Major "Muktuk" Marston ("Muktuk" being an Eskimo word for whale skin and blubber) describes his trip by dog sled through the frozen Seward Peninsula to bring word of the Alaska Territorial Guard to the native people and ask for assistance in helping defend their villages, and nation, from the Japanese.

"The President of the United States and the Governor of Alaska have told me to come and ask your help," Marston would declare to those gathered at the schoolhouse of every village he called upon. "The Japanese have bombed our ships and people at Pearl Harbor. They have dropped their bombs on Alaska at Dutch Harbor. They will come with more bombs. We do not know where they will strike next. ... Will you keep the Japanese out? Will you keep a lookout along your shores? You men who will help your country against the Jap, come forward now and sign your names."

"Invariably," Marston states, "every Eskimo to a man moved forward to sign or mark the simple enrollment blank."

After signing up for the ATG, the new recruits were given Enfields, ammunition and a shoulder patch signifying membership, and led through a short drill on the manual of arms.

And in every village Marston visited, the native population was obliged to help in the cause of defense, resulting in 100 percent participation among those eligible for enrollment. Even those of an age and sex not sanctioned at the outset of formation became members. In a time of national defense, it was wisely conceded that such arbitrary parameters would only hinder the formation of an effective homeland guard—considering there were those both elderly and young, male and female, who were quite able to assist in the defense.

In his chronicle *Cruise of the Ada*, Henry Varnum Poor describes the recruitment of two 14-year-old young men into the Alaska Territorial Guard. Poor, an artist with the War Art Program, accompanied Marston on a boat trip along the Bering and Arctic coasts, stopping at villages to recruit members into the atg. The cruise took the crew of the *Ada* as far as Barrow, the northernmost point of Alaska and location of the final flight of Will Rogers and Wiley Post.

"Two 14-year-old boys came back with the Major to be sworn into the guard and get rifles," Poor writes of their stop at Point Lay, situated along the edge of the Arctic Coastal Plain. "The teacher and all the men had testified that one had seven, the other 10, caribou during the winter, and on that the Major had agreed to make an exception and admit them into the guard. 'If he's big enough to hunt caribou, he can hunt Japs,' was the Major's verdict, and they were proud and happy kids." Gov. Gruening, in his introduction to *Men of the Tundra*, recalls witnessing a youth near the village of Koc carrying a rifle from which hung four ptarmigans. Having winged the arctic grouse with the rifle, and not a shotgun, the young man was enrolled in the guard. He was 12.

Many over the initial age limit were allowed to join as well. Marston mentions his meeting with an 80-year-old half-Eskimo half-Russian man who wanted to be in the ATG. He had lived in Alaska during the time of Russian rule and, when the territory had been deeded to the United States, his family had decided to stay. He too wanted to protect his homeland.

"I want to kill Japs. Many time when we hungry for fish Japs take our fish, and we have not fish," the old man told Marston. "I said, 'Thanks, Paul, that's fine. I am glad you feel that way, but you are a sick man,'" Marston responded. "'I am not sick,' he said, and stood right up saying, 'I'm just resting.' I still didn't want him and I said, 'Paul, you have eyes to shoot with.'

"With resentment in his voice, he replied, 'Who say so?' He wore no glasses. He picked a gun off the wall, stepped on the front porch and said, 'Major, pick a target.' I said, 'That can down there on the shore of the river.'

"He pulled the gun up and put a bullet right in the end of it."

The man was immediately given an atg shoulder patch.

Women, too, were an integral part of the Alaska Territorial Guard, and they didn't disappoint in their marksmanship. One female member of the ATG, Laura Wright, recalls in a documentary of the Alaska Territorial Guard, entitled *Uncle Sam's Men*, how she upstaged the men of her group during a round of target practice.

"I got the gun, and they had the practice out in the field, on the snow," Wright recalls. "I hit every target but one right the bull's-eye, and I shot the other bull's-eye twice and left the other one vacant ... that is the reason I got 49 out of 50. So I won the target-shooting practice."

The prowess of the Alaska Territorial Guardsmen in planting a slug in the bull's-eye became well known throughout military circles. Awards ceremonies honoring ATG members that proved themselves expert marksmen stretched into hours.

A Sea Change in the Pacific

By May of 1943, U.S. troops began the assault of the island of Attu, attempting to rout the some 2,300 Japanese soldiers occupying the western-most island of the Aleutian chain.

With the U.S. Navy maintaining a blockade, the Japanese forces on Attu were cut off from resupply; the mountainous terrain kept them contained on the eastern portion of the island. U.S. troops, among them members of the ATG, pushed the Japanese inward from Holtz Bay, as another contingent fought their way north from Massacre Bay.

On May 29, 1943, surrounded by 15,000 American troops, the 750 remaining Japanese on Attu attempted a counteroffensive. By American bullets and by their own hands, the Japanese forces were whittled to less than 300. American dead numbered 550.

U.S. forces then turned their sights on the island of Kiska, where over 5,000 Japanese soldiers were believed to be huddled. Yet on July 28, hidden by a shroud of fog, the Japanese were able to evacuate and slip through American patrols without detection.

Japanese forces had occupied American soil for more than a year.

Through the remainder of the war, members of the Territorial Guard would maintain their watch over Alaska's frozen shores. They continued their meetings, practiced their drills and kept an eye open for anything suspicious.

But toward the end of the war, about the only thing suspicious in the skies over Alaska came in the form of bomb-laden balloons the Japanese released into the Gulf Stream, hoping to rain destruction and havoc upon the American mainland. This, however, proved to be the death knell of a mortally wounded empire, as most of the 9,000 balloons released by the Japanese drifted off course, causing no damage. Many found their way to Alaska, and were retrieved by members of the ATG.

Reverberations Through Time

The Alaska Territorial Guard was disbanded in March of 1947. Yet the motivation and skill the members exhibited during their tenure as the eyes and ears of the Alaskan frontier prompted Gov. Gruening to push for the inclusion of the guards in the regular Alaska National Guard, where they were included as "scout battalions."

Throughout those anxious years of the Cold War, these scout battalions maintained their post along the Bering Strait, watching for signs of an enemy intent on occupying American soil. This time, however, it was the Soviet Union for whom the guards watched, visible there across a small ribbon of water. Many assumed that, if the beginning of World War II were to come, it would be an Alaskan scout who would signal the call to arms.

True, the story of the Alaska Territorial Guard resonates today because it is a story of an armed populace protecting

nation from those who bring destruction; the image of a man or woman with a gun preserving what he or she holds dear. It is a symbol accorded us through time immemorial, and a lesson that speaks of challenges we may well face in the future.

Yet there's another important aspect to the story of the ATG: the idea that a person armed is a person not so easily subjugated. Through their service in the ATG, native Alaskans became organized and began insisting on the respect and freedom promised by the government they were working to protect.

Through the simple act of becoming armed and organized, the strength these people gained through the ATG began to filter into every other aspect of society. Eskimos, Indians and Aleuts—people who before the formation of the atg had denied the right to even sit where they wanted in a movie theatre—in growing numbers became business owners, legislators and community leaders.

Through the actions of the over 3,000 members of the Alaska Territorial Guard, we are shown a people who bravely answered the call to protect their land, and in doing so gained a greater share of freedom.

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