# THIRD DAY

House of Representatives

Juneau, Alaska, January 26, 1955

Pursuant to adjournment, the House was called to order at 10:00 a.m. by Wendell P. Kay, Speaker.

Roll call showed all members present with the exception of Representatives Plummer and Taylor.

Prayer was offered by the Chaplain.

Mrs. Sweeney moved and asked unanimous consent that the prayer offered by the Chaplain be recorded in the Journal. There being no objection, it was so ordered.

The prayer offered by the Reverend H. C. Coovert, Chaplain, was as follows:

"The earth is the Lord's and the fullness thereof the world and they that dwell therein. For he hath founded it upon the seas and established it upon the floods. Who shall ascend into the hill of the Lord? or who shall stand in his Holy Place? He that hath clean hands and a pure heart; who hath not lifted up his soul unto vanity nor sworn deceitfully. We pray thee that thou wilt give us clean hands and a pure heart, ever keep us from vanity and from swearing deceitfully that we might in moments of decision stand in thy Holy place of honor, clean conscience and a clear mind. Give us good health that we might fulfill all that is expected of us. Keep our loved ones secure and well that we might devote all our thought and attention to those matters to which we have been set apart. Lead us not into temptation that we might be strong when called upon by the demands of our office. We invoke thy blessing this day. Amen."

Mr. Bronson, Chairman of the Committee on Engrossment and Enrollment reported that the Journal had been read and approved with minor corrections.

Mr. Stewart moved for the adoption of the report and asked unanimous consent. There being no objection, it was so ordered.

## REPORTS OF

## STANDING COMMITTEES

The Committee on Territorial Affairs reported HOUSE BILL NO. 2 back to the House with the recommendation that it do pass. The report was signed by Mr. Metcalfe, Chairman and concurred in

## AFTER RECESS

The president and members of the Senate were received in the House and seated with the members of the House.

## JOINT SESSION

The Speaker of the House called the Joint Session to order at 11:00 o'clock a.m. and asked the President of the Senate to preside.

The Secretary of the Senate called the roll of the Senate. All members were present.

The Chief Clerk of the House called the roll of the House. All members were present with the exception of Mr. Plummer and Mr. Taylor.

The President of the Senate appointed Senator Barnes and Representative Fagerstrom as a special committee to notify the Governor that the Senate and House were ready in Joint Session to receive his message.

The committee escorted the Governor to the Chair.

The President introduced His Excellency, the Governor of Alaska, B. Frank Heintzleman.

Thereupon, the Governor delivered his message

Mr. President of the Senate, Mr. Speaker of the House, Members of the 22nd Territorial Legislature:

Ever since our first Alaska Legislature met in the year 1913, it has been the custom, if not the prescribed duty, for the Governor to address the members of the Legislature soon after they have convened and organized.

This address has historically taken the form of a report upon the conditions of affairs in the Territory, and of suggestions for new legislation or for amendments to old laws, that appeared to need consideration during the current session.

The various agencies, departments and boards of our Territorial government have prepared or are preparing reports upon their activities during the past biennium. These carefully prepared reports will provide much of the detailed information that you will need in your work.

In addition, the Legislative Council and the Legislative Examing and Investigating Committee, two interim bodies created by the 1953 Legislature, can give you assistance that has not been available to previous sessions. Both of these committees have held hearings, made studies and gathered information that should prove of great value to you in conducting your legislative work during the next 60 days.

On the whole, Alaska prospered during the past biennium. There

were substantial increases in our population. On January 1, 1953, the civilian population was estimated at 142,000. A year later it had increased to an estimated 151,900. Total population during the peak of the seasonal influx in 1953 was estimated at 222,100, including 49,000 military personnel.

Along with the increased population, a total of 314 new corporations qualified to do business in Alaska during the past year, including 22 to engage in manufacturing and 16 to engage in mining. Only one corporation was dissolved during that time.

One of the highlights of the year 1954 was the opening of the new pulp mill at Ketchikan. This provided much additional year-around employment and gave a tremendous boost to the output of timber products from Tongass National Forest. A year earlier a large and thoroughly modern plywood plant, the first of its kind in Alaska, opened here at Juneau. Additional large pulp mills and saw mills for the utilization of our timber resources are under construction or are being planned at Wrangell, Sitka and Juneau.

Other types of production also climbed during the year. The tonnage of coal from Alaska's mines reached a new high and gold production increased. Farm production was at a high level, and much new acreage was cleared and put into crops for the first time.

A total of 875 patents for land claims were issued during the past fiscal year in addition to many deeds for townsite lots, and there were 916 unperfected homestead entries in various stages of development at the end of the year.

There was a further upsurge of interest in the possibility of oil production in the Territory and during the past fiscal year the Bureau of Land Management issued 272 oil exploration leases covering more than half a million acres. By midsummer three companies were carrying on active drilling operations and others were making preparations for drilling as the year came to a close.

Two of our huge water power sites are being investigated by substantial concerns as sources of energy for prospective aluminum processing plants.

That is the bright side of the picture. On the darker side is the condition of our fishing industry which for many years has provided a large share of our summer employment and furnished a substantial portion of our Territorial tax revenues. The canned salmon pack in the season of 1953 fell below three million cases, the poorest pack in 40 years. In 1954 the pack was only slightly better.

Poor salmon fishing has resulted in the curtailment of both private income and Territorial revenues and has necessitated relief measures in some areas that were particularly hard hit.

Other branches of our fishing industry, while less severely stricken than salmon canning are not in

the healthiest of conditions. For many years our Alaska fishermen have suffered increased competition from foreign imports of fishery products as tariff barriers were lowered or removed. The most recent threat from this direction might virtually wipe out our growing crab fishery.

All Territorial agencies are cooperating in efforts to have tariff protection maintained at present levels.

Another blow to the Territory's over-all economy during the past year was the complete withdrawal of an American steamship line from passenger business and a drastic curtailment in passenger service by a Canadian steamship Company.

On top of this, curtailment of air passengers service between the States and Alaska has been threatened by action of the Civil Aeronautics Board. Any decrease in passenger transportation facilities is bound to have an adverse effect directly upon our tourist business and indirectly upon all business in Alaska.

We should take all possible measures to see that air service is increased rather than curtailed, and to encourage surface transportation of passengers both on land and sea.

## FINANCES

Despite these economic setbacks, the Territory's financial picture has remained fairly bright during the biennium.

Tax collections for the calendar year 1953 amounted to $15,630,071.98, the highest for any year in the Territory's history.

For the calendar year 1954, collections were $14,591,561.03, a decline of slightly more than a million dollars from the previous year.

A substantial portion of this decline, some $600,000, can be directly attributed to the poor fishing season of 1953. No doubt this factor also contributed to the decline in the net income tax, which dropped $356,763 below the previous year, and the school tax, which dropped $41,232. The exemption of Federal employees' 25 percent cost-of living differential from the income tax also decreased the revenues from that source.

Other tax sources which produced smaller revenues in 1954 than in the previous year were liquor excise taxes, the tax on mines and mining, and drivers' license fees. There were increases in revenues from automobile license fees, the business license tax, the inheritance tax and the motor fuel oil tax.

Because tax collections have remained at a relatively high level and because we entered the current biennium with a substantial cash balance, the Territory has been able to pay its bills as they were incurred.

At the same time, our general fund cash balance has declined by approximately three-quarters of a

million dollars during the biennium. On December 31, 1952, this balance was $5,700,291. By the same date in 1953 the balance had risen to $6,062,622, and by the end of the year just past it had dropped back to $4,957,803.

**BUDGET**

The most important set of problems you will have to deal with are those arising from consideration of a budget for the coming biennium. The budget requests to be supported by the General Fund and Public School Current Fund, as submitted by the departments and agencies of the Territorial Government, total more than 39 million dollars.

This is an increase of almost sixty percent over the budget appropriated for the current biennium and about two and a half times that appropriated for the 1949-51 biennium, only six years ago.

In addition, there is the legislative budget consisting of the expenses of the present session and budgets for such interim committees as the Legislature may wish to provide. This together with deficiencies and other miscellaneous expenses will probably bring the total requests for all branches of government to more than thirty-nine and a half million dollars.

The receipts from which this budget must be met are anticipated to be slightly less than 27 and a half million dollars. In other words, requested expenditures will exceed anticipated receipts by more than 12 million dollars.

This, then, is the budget problem: to find means of bridging this 12 million dollar gap either through increases in revenues, decreases in budget or a combination.

The task of achieving a balance between receipts and expenditures for the coming biennium is not only a most important and essential one; it is also an extremely difficult one. Unfortunately, as in the past, almost the entire task will be placed upon the committees of the Legislature, for there is no provision for adequate budgetary review by the executive department prior to transmittal.

In their report to this session of the Legislature, the members of the Board of Budget called the Legislature's attention to the fact that the Board has neither the facilities, time nor money to make the necessary budget studies required; that it was thought to be important to the Legislature to consider measures for improvement in this field, thereby giving succeeding Legislatures, and the Territory at large, the benefits to be derived from modern budget control service.

The same conclusions were arrived at by your Legislative Council in its study of the needs of fiscal reorganization and in its final report it recommends that the Board of Budget "be authorized to appoint a full-time Budget Di-

rector to have general supervision of budget planning and presentation of the budget to the Legislature . . ."

In the name of sound, efficient and economic government, I add my voice to the support of this conclusion.

With the limited staff and facilities available to me, however, I have had a preliminary analysis of the budget prepared which, although no substitute for the type of document you should have to work from, may be of assistance to you in your consideration of the budget. Copies of this analysis will be submitted to you at once, and the member of my staff who made the study will be available throughout the session for any consultation you desire.

Another suggestion you may wish to consider would change the beginning of the Territory's fiscal biennium from April 1 to July 1 of uneven years.

This change would have certain advantages. One of our largest departments of government, the school system, presently operates on a fiscal year commencing on July 1. The change for other departments would coordinate our fiscal opening and closing dates with those of the Federal government and would make easier the handling of grant-in-aid funds. It would give the Territorial agencies more time to plan their work for the ensuing biennium on the basis of funds authorized by the Legislature.

**ORGANIZATION**

Since the beginning of our Territorial government in 1913 there has grown up a complex system of unpaid administrative boards. This system was no doubt satisfactory in the early days when the Territorial government was small and its problems relatively simple. But new boards and commissions have been added from time to time until the system has become cumbersome and a hinderance to efficient administration.

Many of the states have found themselves faced with the same problem. Some of them have largely eliminated the board system of administration; others have been handicapped in efforts to modernize by provisions of their state constitutions.

I suggest that for most of our Territorial agencies the salaried men in charge be made wholly responsible for the work.

Advisory boards rather than administrative boards could be set up to assist these men where this appears desirable.

Consideration should also be given to the creation of a number of over-all administrative departments within the Territorial government to obtain better coordination of work in closely related fields. One that comes to mind is a Department of Natural Resources and Conservation to include fisheries, game, mines, lands, agriculture, industrial development, and tourist promotion. Another

would be a Department of Health, Education and Welfare.

I believe such a grouping of relative activities would pay substantial dividends in the form of cheaper and better administration.

It may be that any major reorganization of Alaska's government should await the adoption of a state constitution and the setting up of a state government. I have long believed, however, that the more we do to perfect our governmental structure and to assume the responsibilities that will come to us with statehood, the more likely we are to convince Congress that we are prepared for that step. Positive acts at this time will carry more weight with the Senators and Representatives in Washington than will promises of future action.

We must give serious consideration to the form of governmental organization that will be most desirable and most efficient for the conditions peculiar to Alaska.

## CONSTITUTIONAL CONVENTION

An immediate constitutional convention has been suggested as a means for bringing about such consideration. This would appear to be a long step in the right direction, particularly since our sister Territory of Hawaii has already held a convention, adopted a constitution and had it ratified by the voters.

It should be pointed out however, that with the present condition of our budget for the coming biennium, the cost of a constitutional convention will be a factor for consideration. Under Congressional enabling legislation, $200,000 has been proposed to pay the costs of the convention and elections in connection with it. If it were held under an Act of the Legislature, the Territory would have to pay the entire bill.

## PUBLIC LANDS

Alaska has some 365 million acres of land, most of it in the hands of the Federal government either as public domain or as reservations of one kind and another. Certain small areas have, however, been turned over to the Territory to administer and under various proposals to Congress, more and more land will be granted to the Territory and to the future state.

The wise administration of these lands will be of paramount importance to the people of Alaska and in recognition of this the last Legislature set up a Department of Public Lands, headed by a Land Commissioner.

One of the duties of the Land Commissioner is the administration of the school lands provided by Congress in 1915. The Territory does not yet have title to these school lands, which comprise two sections, or two square miles, in each surveyed township, but presently our Commissioner is allowed to lease them, with the revenues earmarked for the support of the common schools.

If all of Alaska were under sur-

vey, we would have some 30,000 square miles of school lands. The progress of public land survey work has been very slow, however, and in consequence our school lands today total only 199 sections.

Even so, this comparatively small area has brought in approximately $20,000 in lease revenues in the past two years.

The value of these school lands will increase as our population grows, and their area will be extended as new surveys are made and surveyed lands now in reserves are released.

The administration of public school lands was an early-day scandal in many of the states. Fortunes were made from cheaply acquired State school lands and only pennies trickled into school treasuries. Our Department of Lands has the authority and should be given the means to handle Alaska's school lands in a manner that should prove very beneficial to our educational system.

Apart from school grants a number of bills are before Congress or will be introduced in Congress to give Alaska the right to select millions of acres of land in large tracts from the public domain. Congress is likely to appropriate funds to pay only for surveys of the exterior boundaries of these tracts.

The additional surveys, to lay out the lands into townships and sections, we will probably have to finance ourselves and the cost will be at least 75 cents an acre. Nevertheless, we should make every effort both to acquire the best of the available lands as rapidly as possible and to initiate surveys upon them.

Transfer of these lands to the Territory can serve two important purposes. We can make land available for private development much more readily and on more logical and attractive terms than the Federal government under laws it has provided to-date for the public domain of Alaska. In addition, once the lands and their resources are brought under use, revenues from them will help to support our necessary public institutions.

The administration of these lands will be the responsibility of the Land Commissioner and provision should be made for staffing the Department of Lands adequately to carry on the job. We do not want to run into the same bottlenecks we have heretofore encountered through lack of Federal surveys and an understaffed Federal lands administration.

## LAND REGISTRATION ACT

Another duty assigned to the Commissioner of Lands by the Legislature is the administration of the Alaska Registration Law of 1953. A law requiring the registration of ownership of land in Alaska was first enacted in 1945 and repealed in 1949. The 1945 land registration law exempted lands within incorporated municipalities from registration, but did not ex-

empt lands within school or other taxing districts. The 1953 Act makes no exemptions.

It appears, however, that the registration of lands that are already on the assessment rolls of municipalities, school districts, public utility districts or other taxing units is a needless duplication.

It is recommended that the 1953 Act be amended to exempt such lands, but that the Act itself be retained. Registration of land ownership in outlying areas serves a useful purpose and may result in getting some of these lands, apparently long abandoned, back into productive ownership.

## RECREATION AREAS & PARKS

The Land Commissioner is authorized, under the law which sets up the Department of Lands, to accept lands for recreation areas and public parks, as well as for other purposes.

While no lands have yet been granted to the Territory for these purposes, there seems to be a very good chance that we will soon have the opportunity to make such acquisitions from the federal government particularly along our highway system in Interior Alaska. Improved Camp and picnic grounds along this highway system would provide added attractions and recreational facilities for tourists as well as for our own residents.

In addition to areas for purely recreational purposes, Alaska might well make a start toward marking some of our historic sites with public parks. There are many such sites throughout the Territory but the first in point of history, is the Baranof Castle site at Sitka where the American flag was first raised in 1867.

This federally owned site, a relatively small area is now held by the City of Sitka under a use permit. The city is willing to relinquish this permit if the area will be designated and preserved as a Territorial historical site. I believe we will have no difficulty in acquiring title from the Federal government and it would provide an excellent start toward an Alaska park system.

In connection with the establishment of recreation areas and parks, a small appropriation should be included in the budget of the Department of Lands to initiate the program.

## COUNTIES OR IMPROVEMENT DISTRICTS

Under the provisions of our Organic Act, the Legislature can only create a county form of government in Alaska by submitting such an Act to Congress for affirmative action. This obstacle and the lack of any real need for county government until quite recently have deterred any real effort in that direction.

While it would be folly to cover Alaska at this time with a blanket of counties, the county

form of government might solve the increasing need in the more populous areas for a level of government between that of the municipality and the Territory.

Attempts have been made to fill this need from time to time by enabling legislation for school districts, public utility districts and health districts. Within their limitations these various districts have functioned more or less satisfactorily in solving the problems, but as district became superimposed upon district, new problems have been created.

In several areas of the Territory there is a present need for governmental units organized on broader lines to provide local roads and streets, air fields, health centers, public utilities, recreation facilities, transportation service and police and fire protection. A full county government might best fill this need and it is probable that Congress would affirm any such action by the Alaska Legislature. An alternative would be a general improvement district which would assume the functions of the several types of district now authorized together with such other functions as the Legislature might provide. This is a matter that deserves your careful consideration.

Sympathetic attention should also be given to the problems of the incorporated municipalities, since by far the majority of our people live in the cities and towns. Municipalities in Alaska are burdened with many of the responsibilities that in the states are carried by the counties. At the same time, our municipalities are frequently handicapped in meeting these responsibilities by inadequacies of present laws as well as by lack of finances.

The Territory cannot, if it is to meet its own obligations, offer very much in the way of financial assistance, and the municipalities should be encouraged to utilize all revenue resources at their command. It may be possible however, to assist the cities and towns by liberalizing the laws under which they operate. Detailed suggestions for such changes have been made by the League of Alaska Cities, and it would be well to give careful consideration to their suggestions.

## HEALTH

Health problems are still with us as they have been for many years. We are fighting and gradually winning the battle with tuberculosis. In another five or six years at the present rate of progress tuberculosis will be reduced to a point where the expense of control measures will not be especially burdensome.

An exhaustive study of Alaska's health problems, sponsored by the Department of the Interior, has been made by a group headed by Dr. Parran of the University of Pittsburg. Copies of the report of this survey team will be available for your use.

As you probably know, the medical care of Alaska's natives is scheduled to be transferred from

the Department of the Interior to the United States Public Health Service next July 1. It has been suggested by a number of groups, including the Parran survey team, that these native hospitals and other health facilities be operated by the Alaska Department of Health under a contract with the Federal government.

There is apparently a willingness on the part of the Public Health Service to enter into this kind of contract. The Surgeon General of the Public Health Service recently indicated however, that "the completion of such contractual arrangements would be contingent upon evidence that the Governor and Legislature are favorable to the Alaska Department of Health taking over the health and medical activities of the Alaska Native Service." Therefore, I urge that the Legislature give this proposal its fullest attention and study.

Another of Alaska's problems is the mental health program. Last year Congress proposed a plan by which Alaska would gradually assume responsibility for the care of the mentally ill, granting 200,000 acres of land for the support of the program. Under the provisions of this bill we would have been enabled to contract for the care of our mentally ill, or to construct our own institution. Similar proposals may be made by the present Congress and this is an appropriate time for the Legislature to inform that body of its desires in the matter.

**EMPLOYMENT SECURITY**

One of the gravest problems you will face during the next 60 days is that of employment security.

Benefits paid during the year 1954 amounted to 6 percent of the taxable payroll, or more than twice as much as was taken in. Net receipts were just under three and a half million dollars while benefit payments were more than seven and a half million.

The benefit fund has been declining for several years and is now in a precarious condition, with a balance of approximately 3 million dollars on January 19. At the present rate of benefit payments it is estimated that this balance will drop to $1,300,000 by the end of February.

In contrast, the benefit fund of nearly all of the states have been increasing and many have reached an all-time high. President Eisenhower has suggested an increase in benefit rates and a broadening of employment security coverage. In the latter field, since Federal employees were recently placed under the employment security program, you may wish to consider extending the coverage to Territorial and municipal employees.

In the matter of increasing the benefit rates, it should be noted that the President's recommendaions contain a proviso that increased benefits be coupled with measures for raising revenues sufficiently to cover higher costs. We can scarcely think of raising bene-

fit rates until we are able to stabilize our fund at present benefit levels.

In Alaska, the great decline in the benefit fund has occurred during a period when we have had the greatest number of people employed and the highest payrolls in our history. This points up, for one thing, the essentially seasonal nature of much of our business and industry and the unbalanced nature of our whole Territory economy.

A number of proposals have been advanced to rectify the present trend of the fund, but all of them boil down to this — we must take in more money or pay out less, or a combination of these two.

Borrowing from Federal funds had also been proposed and is under consideration. Borrowing, however, does not solve the main problem but merely postpones it.

In addition, there is some question whether we can borrow such funds because of the restrictions imposed by the Organic Act, and thus we may have to get special legislation from Congress to do so.

If we do borrow funds, we must have an adequate plan for repayment, with an assured source of revenue for wiping out the debt.

This problem needs to be approached with a determination to be guided by the facts. We should hesitate to impose hardships on either employees or employers, and we must take care not to frighten off the venture capital we hope to attract for the development of our resources.

The problem of employment security requires not only action, but immediate action. I suggest the desirability of setting up special committees, or a joint committee, to study the problem and seek a solution.

## ROADS

Roads are of the utmost importance in developing any new country, and this is eminently true in Alaska where we have a particular need for access roads to open mineral and agricultural areas.

Alaska does not receive an allocation under the Federal Aid Highway Act, as do all of the States, Hawaii and Puerto Rico.

Most of our road funds have come from direct appropriations by Congress and during the past decade we have received far more in construction funds in this manner than we would have received if we participated under the usual federal aid highway allocation formula.

To bring Alaska under the regular formula of the Federal Aid Highway Act today would be extremely costly to us. We would have to carry alone the entire maintenance cost of our road system, and the full administrative overhead of the road building agency. Also, we would have to finance without federal help the construction of all farm and mineral access roads.

Obtaining the full amount of federal funds available to the Territory for our main highway system, under the federal matching plan, would impose an almost impossible financial burden upon us in the form of gas taxes or appropriations from our General Fund, while lesser participation in the Federal allotment would severely limit new construction work.

These hardships were recognized in the Alaska Statehood bill which was approved by the United States Senate last year. This bill set up a special formula for determining Alaska's allotment and also authorized continued and substantial direct federal appropriations for road construction for six years and for road maintenance for 15 years.

It is hoped that this provision will be included in the new Statehood bills to be considered by the present Congress.

In the biennium 1951-52 and again in the current biennium the funds available for the highway program from the motor fuel oil tax and drivers' license fees have amounted to around a million and a half dollars. The amounts actually available for road construction and maintenance were reduced to one half, approximately, of the above by the expenses of the Highway Patrol and Department of Territorial Police, (which took $764,000 in the 1951-52 biennium and $750,000 in the current biennium.)

This relatively small participation by the Territory in providing road construction and maintenance funds is making it increasingly difficult to obtain Federal appropriations. Members of the appropriations committees of Congress have criticized Alaska's failure to increase gasoline taxes and highway vehicle licenses to somewhere near the averages levied by the states, and have threatened curtailment of highway appropriations for the Territory.

In order to provide greater Territorial participation in the road program, I recommend the following actions by the Legislature:

Increase the tax on motor fuel for highway use vehicles to four or five cents per gallon and scrutinize motor vehicle license rates with a view to bringing them into line with those of the States.

Place all motor vehicle license revenues in the highway fund instead of the general fund, where they go at present.

Finance the operations of the Department of Police by appropriation from the general fund.

President Eisenhower has proposed a 10-year road construction program for the nation, and in all probability, the greater part of the funds for this program will be allotted through the Federal Highway Aid formula. This type of allotment would not benefit Alaska, but a strong effort will be made, when the program reaches the Bureau of the Budget and Congress, to secure a specific grant or allotment for the Territory. It

would be well for the Legislature to memorialize Congress on this subject.

I wish to report that the Governor's office is giving much attention to possible means of improving and extending the highway system in Northwest Canada and the bordering portions of Alaska. More and better roads here are needed to serve the whole North Country economically and to contribute to the military defense of the entire continent.

An arterial north-south highway through Central British Columbia is needed to serve Interior Alaska, Yukon Territory and northern British Columbia, and to give southeastern Alaska the possibility of road connections with continental United States. This is an international matter and we hope to get action on it through our Federal Government.

## WATER POWER SURVEYS

Alaska's water power resources have been recognized for many years as one of our greatest industrial development potentials. Except for the lakes and streams in Southeast Alaska, however, we have very little of the basic data required for the engineering of hydro-electric development. Water flow and other studies are essentially needed for the Susitna River, Copper River, Yukon River at Rampart, the lakes of Kenai Peninsula and other important potential power sites.

An appropriation for making these studies cooperatively with the United States Geological Survey and other agencies might pay enormous dividends in the future by speeding the development of these power sites.

Experience of the Western States has shown that offers of cooperation for even a small percentage of the cost have brought better Federal appropriations for such resource studies within their particular states.

## SURPLUS PROPERTY

We were successful in getting from the last Congress a law providing that until December 31, 1956, surplus personal property of the Federal government which is located in Alaska may be disposed of to the Territorial government without reimbursement or transfer of funds when such surplus personal property is found by the Governor to be essential for the operations or activities of the Territorial government.

(Surplus Federal property acquired under the provisions of this law cannot be sold or leased by the Territory or transferred to other units of government.)

Large quantities of material of all descriptions, from office supplies to the heaviest machinery, are now available or will soon be available within the Territory. (Some of this material, scattered in all parts of Alaska, has been inventoried in

detail and much remains to be inventoried.)

The law has already proved of benefit to the territory and promises to supply us with material worth many thousands of dollars. Steel matting for use on landing strips has already been acquired for the Department of Aviation and a large quantity of useful articles has been obtained for the Departments of Civil Defense, Welfare and Education.

In order to take full advantage of the great benefits of the Surplus property law, however, there is need for a surplus property officer. The duties of such an officer would include surveying both the property available and the needs of the Territorial agencies for this property. You may wish to consider establishing such an office, perhaps within one of the existing departments such as Civil Defense, for the duration of the surplus property act, which has nearly two years to run.

## JUVENILE CODE

Alaskans have for some time been perturbed at the increase in juvenile delinquency. While it is not as great, perhaps, as the increases reported from some of the states, it is a matter for grave concern to all of us.

For a number of years there have been demands for changes in the Territory's Juvenile Code, but until this year, when the Legislative Council took up the matter, there has been no real study of the problem as it exists in Alaska. The study made by the Legislative Council should be of real help to you and I recommend it to your special attention when you begin to consider amendments to the Code and the possible establishment of temporary detention homes or other facilities for the care of juvenile delinquents.

## RELIEF MEASURES

The extremely poor fishing season of 1953 brought economic hardship to portions of the Alaska coastal area, particularly in Bristol Bay and parts of Southeastern Alaska. Relief measures were initiated in October, 1953. At my request, President Eisenhower declared the Alaska Coast a disaster area, thus making assistance available under Public Law 874 of the 81st Congress.

Surplus foodstuffs were secured from the Department of Agriculture through the Federal Civil Defense Administration. Distribution of this food was made with the cooperation of the Alaska Railroad, the Army and Air Corps, the longshoremen and stevedoring company at Seward, the Alaska Native Service, the Territorial Department of Welfare, the Department of Civil Defense, the Salvation Army and local groups.

The American Red Cross contributed $10,000 in cash and other

assistance. The Alaska Public Works Agency of the Interior Department earmarked $250,000 for work projects. Matching funds for these work projects were made available by local communities, the Department of Education, Department of Aviation and the Highway Engineer under whose direction the work was carried on. The Alaska Road Commission cooperated on some of these projects. The Forest Service set up 68 small timber sales for a winter logging program and the Ketchikan Pulp Mill provided a market for some $260,000 worth of logs harvested under this program. The relief program was coordinated and directed by the governor's office.

(All things considered, the relief effort, although put together hastily, was fairly successful in alleviating hardship during the winter and spring.)

The situation pointed up the need for a real emergency fund in the Territory. Such a fund could be drawn upon not only in cases of economic distress but in the event of disasters due to such causes as fires or earthquakes. It should contain not less than $250,000 and be available only upon authorization by a special committee which might include the Board of Administration plus the Chairmen of the Finance and Ways and Means Committees of the Legislature.

Needless to say, however, we must continue our efforts to seek new and additional sources of livelihood for many of our remote communities and thus eliminate or at least reduce the need for relief due to economic distress.

**FARM LOAN PROGRAM**

The 21st Alaska Legislature initiated an agricultural loan program with an appropriation of $200,000. This program supplements the work of the Federal agencies in the Territory — the Alaska Rural Rehabilitation Corporation, which on June 30, 1954, had approximately half a million dollars outstanding in various types of farm loans; and the Farmers Home Administration, which had $348,000 outstanding on the same date.

These three agencies, two Federal and one Territorial, have made available slightly in excess of one million dollars for agricultural development, and this type of development provides the firmest kind of foundation for building the future of Alaska. Getting people settled on the land, and particularly on land upon which they can make a good living, must

remain one of the keystones of economic stability under our American system of individual enterprise.

Our Alaska agricultural loan program has made a fine start during the year and a half it has been in operation. Of the $200,000 available, $50,000 was earmarked for chattel and development loans in the Tanana Valley and the same amount for the Matanuska-Anchorage area. Other areas were allotted $40,000, and $50,000 was earmarked for short-term loans. The remaining $10,000 was reserved for administrative use.

(Loans under this program have made possible the construction of five barns, five milk houses and a small commercial dairy plant. In addition, six wells have been drilled, 51 cows purchased, more than 250 acres of land have been cleared, while other improvements have been financed on six farms. Operating loans have been made to 50 farmers.)

(After a year and a half of experience in operating the program, members of the Loan Board have pointed out what they consider fundamental weaknesses of the present law. They believe short-term loans should be for a maximum of one year instead of six months as required by the present law. They point out, too that farmers who have not yet received patent to their land, or who are operating under a long term lease, are ineligible for loans. The board suggests that in such cases other kinds of satisfactory collateral should be made acceptable.)

The Board has asked for an increase of $300,000 in the revolving loan fund. This appears to be a very modest request and should be granted if Territorial finances will permit.

**MISCELLANEOUS**

There has been an increasing demand for library service in the Territory and the Alaska Library Board is expected to make recommendations for the creation of a Library Department to help establish new libraries, assist existing ones and especially to accept library funds which may be made available to the Territory by the various educational foundations or by the Federal government. Such a department is desirable and should receive consideration if its financial requirements can be fitted into the financial program.

(Legislation has been requested to permit withholding from Territorial paychecks, upon authorization of the employee, of premiums for insurance plans which may be set up by the various agencies. Such authorized withholding is now the practice of the Federal government and in some of the states.)

Two years ago the Legislature provided a number of tax incentives to encourage business and particularly for the mining industry. New mines were granted a three and a half year exemption from the mining tax. The Territorial tax is small, however, compared with the Federal tax. I strongly urge that efforts be made to persuade the Federal government to follow the example set by the Dominion of Canada in granting tax concessions to mining, thus stimulating our lagging industry. I will be glad to assist in this effort.

Some attention should be paid to the strengthening of the wage collection law to give labor added protection against fly-by-night business enterprises.

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I look forward to working with the Legislature for the next sixty days in the interest of Alaska as a privilege, and whatever we do, let us not forget that Alaska is one Territory and its people one people. Let us not permit sectional ambitions and rivalries to divide us or turn us aside from our considerations of the best interest of the Territory as a whole. You have a difficult task ahead of you and I pledge the full cooperation of my office in fulfilling the responsibilities that have been placed upon you.

A rising vote of thanks was then given Governor Heintzleman by the Joint Session of the House and Senate for his able message.

At the request of Senator Jones and with the unanimous consent of the Joint Session, the Joint Session adjourned.

**IN THE HOUSE**

The House was called to order at 11:55.

Mr. Metcalfe asked that the House extend the privilege of the floor to two former members of the House of Representatives, Mr. Abel Anderson and Mr. Chris Henning, and asked unanimous consent of the House. There being no objection, it was so ordered.

Mr. Metcalfe moved and asked unanimous consent of the House to recess until 2:00 p.m. There being no objection, it was so ordered.

**AFTER RECESS**

The House was called to order at 2:00 p.m.

**REPORTS OF**

**STANDING COMMITTEES**

The Committee on Engrossment and Enrollment reported HOUSE JOINT MEMORIAL NO. 1 back to the House correctly engrossed. The report was signed by Mr. Bronson, Chairman and the report was concurred in by Mrs. Sweeney.