



THE SECRETARY OF THE INTERIOR  
WASHINGTON

June 24, 1958

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Dear Mr. President:

Because of some questions which have been raised concerning Alaska's population, income, per capita general revenue, and the costs of statehood, this letter is attached to a memorandum on these subjects. In my sincere opinion, these facts again demonstrate that Alaskans are ready for statehood.

The bill passed by the House (H.R. 7999) is acceptable to this Department; it represents a workable compromise on many conflicting issues difficult of reconciliation.

Faithfully,

*Fred A. Seaton*  
Fred A. Seaton  
Secretary of the Interior



The President  
The White House

### Population

The official Bureau of Census estimate for Alaska July 1, 1956, was 206,000. Our current estimate of population for Alaska is 220,000. Of the 220,000, approximately 50,000 are military.

### Alaskan Income

In 1957, the gross product from Alaska's natural resources was approximately \$161,846,000. This was an increase of 18% over fiscal year 1956. Of this 1957 income, approximately \$92.9 million was derived from fisheries; \$34.3 million from timber; \$24.6 million from minerals; and \$1.5 million from the fur industry, exclusive of the Pribilof fur seal production. The Pribilof production amounted to \$5.2 million.

### Federal Taxation

Alaskans paid about \$65 million in Federal taxes last year, of which \$45 million was paid by Alaskan residents. The balance was derived from nonresidents doing business in Alaska.

### General Revenue Per Capita in Alaska

Alaska general revenue was higher than 39 of the existing States in 1957. This per capita revenue compares with other States as follows:

Alabama	\$115.9
Alaska	161.6
Arkansas	106 ✓
Idaho	134.3
Kansas	115.3 ✓
Mississippi	110.8 ✓
Vermont	140
Wyoming	224
Nebraska	90.8 ✓
Virginia	112.9

*I don't believe  
it unless we  
take into consideration  
7 ad. expenditures*



## Alaska Has No Outstanding Debt

Alaska had the only government in the 48 States, Hawaii, Puerto Rico, and Alaska, which had no outstanding debt at the close of fiscal year 1957.

## Costs of Statehood



Alaska already supports many of the functions needed for a state government. The Federal Government, under the Organic Act, retained jurisdiction over the administration of justice, the Governor's Office, and partially supported the legislature and other miscellaneous functions of government. Alaska now has 58 different departments, boards, commissions, and other governmental agencies supported by Territorial appropriations. In the main, the cost of statehood therefore will be the cost to Alaska of assuming the governmental functions now performed by the Federal government.

This cost will be about \$6,350,000. The breakdown is: \$280,000 for executive and legislative expenses; \$1,800,000 for increased costs for the administration of justice; \$2,750,000 for commercial and sports fisheries and wildlife; and \$1,500,000 for increased highway costs. Offset against this increased cost is approximately \$5,000,000 in new revenues available to Alaska. The net cost of statehood should be about \$1,350,000.

Alaska's growing oil and gas lease income should offset this cost. In addition, this analysis assumes that the State will immediately take jurisdiction over fish and wildlife. Under the present bill, it would not do so and, therefore, the \$2,750,000 assumed additional cost would not be required.

SUMMARY OF STATEHOOD COSTS

EXECUTIVE AND LEGISLATIVE

REDUCTION IN FEDERAL COSTS

The present amount of \$120,000 is annually appropriated for the salaries and office expenses of the Governor, Secretary of Alaska, and staff, as well as for the maintenance of the Governor's house. This amount, a Federal appropriation, will reduce the Federal expenditure by \$120,000 per year.

Federal appropriation of \$48,000 is made biennially for pay of legislators. Amounts to reduction of Federal expenditures of \$24,000 per year.

Total Federal expenditure reduction amounts to \$144,000 per year.

Judiciary: Estimated present cost is \$385,000 per annum for 4 Federal judges and staffs. At least 1 Federal Judge would remain, but estimated reduction in Federal expenditures would be \$235,000 per year.

ADDITIONAL EXPENDITURES FOR STATE

No basis for estimating any substantial difference in expenditure. However, will amount to an added expense to the State per year \$ 180,000

State will have to assume pay for legislators. Cost will undoubtedly increase due to State Constitution providing for a larger membership. Also, rates of compensation undoubtedly would increase. However, Territory now carries all costs for employees, printing, incidental expenses and compensation for extraordinary sessions.  
Estimated: \$ 100,000  
Total \$ 280,000

Judiciary: Estimated cost of salaries of judges and basic court expenses, based on system outlined in State Constitution: \$ 650,000



ADMINISTRATION OF JUSTICE

U. S. Attorneys and U. S. Marshals:  
4 U. S. Attorneys and 4 U. S. Marshals undoubtedly would be reduced from present allocation of \$650,000 per year. Continuing expenses necessary to cover regular Federal jurisdiction but reduction in expenditures estimated to be \$450,000 per annum.

Penal Institutions: Operations of U. S. Bureau of Prisons in all of Alaska for both Federal and normal "state" functions at present. Estimated present cost is \$600,000 per year. Transfer of State's portion should result in a reduction in Federal expenditures of \$400,000 per year.

Total Federal reductions per year amounts to \$1,085,000.

Prosecutors and Law Enforcement Officers in State System:  
Territory has borne increasing proportion of basic law enforcement costs recently and now has a well-established "state" police organization. However, estimated cost for prosecutors, offices and staffs, etc., per annum expected to be: \$ 450,000

Penal Institutions: Estimated cost of necessary penal system plus debt-service on the new courthouses and jails.  
Yearly: \$ 700,000



Total estimated annual increase \$1,800,000

#### MISCELLANEOUS

Commercial Fisheries: From a total estimate of \$3,050,000 per year, approximately \$1,850,000 would be needed by the State to cover the expense of management and investigation. Balance, or \$1,200,000 would remain as part of a continuing Federal program activity as elsewhere in the Nation. Annual reduction in Federal expenditures would be \$1,850,000.

Wildlife and Sport Fisheries: From a total estimate of Federal appropriations in the amount of \$1,000,000 per annum, \$500,000 would be needed by the State to cover the expense of administering the Alaska Game Law. Balance, or \$500,000 per year, would remain as a part of the continuing Federal programs--such as wildlife refuge predator control, cooperative research, etc. Annual reduction in Federal expenditures would be \$500,000.

Total Federal reductions per year for all fish and wildlife amounts to \$2,350,000.

Commercial Fisheries: This estimated amount, for management and investigation of commercial fisheries annually, would be in addition to what the Territory is now spending.  
Estimated yearly: \$2,000,000

Wildlife and Sport Fisheries:  
Basic expenditure for protection and management of wildlife resources. Estimated per year: \$ 750,000

Total estimated annual increase  
For all fish and wildlife:  
\$2,750,000

Highway Department: Highway function is now performed by Bureau of Public Roads, U. S. Department of Commerce, with allocation of Federal grant funds matched by 10% Territorial funds. Assumption is, no change in Federal road aid program as applied to Alaska.

Highway Department: Territory would take over operating function. Additional costs estimated for administration by State Highway Department and for construction and maintenance of local roads not included in program. Estimated additional costs per annum: \$1,500,000

TOTAL REDUCTION IN FEDERAL EXPENDITURES WILL BE \$3,579,000 YEARLY.

TOTAL INCREASE IN COST OF STATE GOVERNMENT, ESTIMATED, YEARLY \$6,350,000

NEW REVENUES AVAILABLE TO ALASKA

Oil and Gas Leases (90% to the State)	\$3,000,000	
Pribilof's income (70% to the State)	1,000,000	
Miscellaneous (fines, fees, forfeitures, and 5% of proceeds from sales of public lands)	500,000	
Sports fishing licenses	250,000	
Forest receipts (from new Sitka operation)	<u>250,000</u>	
<u>Total New Revenue Available</u>		<u>\$5,000,000</u>

