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...grams & the ...ermanent Fund: ... Basic Considerations

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER / *POUCH D – JUNEAU 99811*

JAY S. HAMMOND, GOVERNOR

December 16, 1976

Mr. Robert McFarland
Chairman of the State
Investment Advisory Committee

Dear Bob:

At the request of the committee I have attached a report on some of the State loan programs. The request was timely for two reasons: First, we we were in the final stages of doing some in-house analysis of the programs, that for the first time attempted to establish some more comprehensive comparative measurement criteria; and secondly, as a member of the committee, I have been doing a considerable amount of thinking regarding how to translate the basic constitutional requirements into performance standards for the Permanent Fund.

While all agree that "duplication" efforts should be avoided, I am not convinced that this fact alone automatically qualifies any loan program as a Permanent Fund "vehicle." I believe that further examination of statutory purpose and actual performance - on an individual basis - should be undertaken before those determinations are made.

Paramount in importance to the committee (I believe) is an agreement on the definition of "Permanent Fund" and "Income Producing," as they appear in the constitution. Once having defined these two, translating the definitions and associated performance standards into law are necessary. The second part of the report addresses this matter and hopefully offers some food for thought.

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,

Langhorne A. Motley
Commissioner

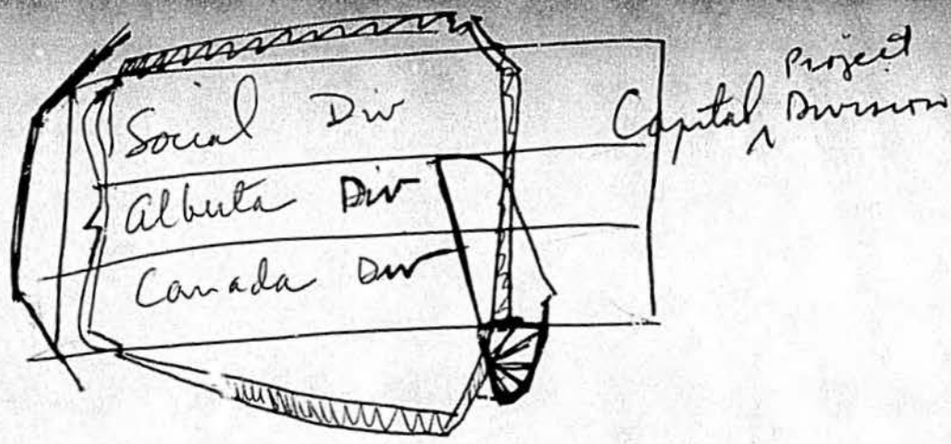
STATE LOAN PROGRAMS

and

THE PERMANENT FUND:

SOME BASIC CONSIDERATIONS

A special presentation by Langhorne A. Motley, Commissioner, Alaska Department of Commerce and Economic Development, to the State Investment Advisory Committee, December 16, 1976.


Social Div
Alberta Div
Canada Div
Capital Project Division

State Loan Programs

The purpose of this portion of the report is informational regarding some of the loan programs of the State within the context of current deliberations on the Permanent Fund. It will list all the programs, but in the interest of brevity only analyze a few representative ones within the purview of the Department of Commerce and Economic Development. The purposes of the loan programs will be discussed, and an attempt will be made to measure their performance.

Scope of Activities: There are 13 loan programs within the State government. Ten of these fall within the general purview of the Department of Commerce and Economic Development.

Commerce and Economic Dev.	Natural Resources	Community and Regional Affairs	Education
Veterans'	Agricultural	Senior Citizen Housing**	Student Aid
Commerical Fishing			
Small Business			
Water Resources**			
Child Care**			
Fisheries Enhancement**			
ASDC*			
SBDC*			
AHFC*			

* Limited line authority
** FY '77 legislation or initial appropriation

Purposes: The purpose of each loan program varies with the specific applicable statute. With a possible exception of the Veterans' program, most loan programs were conceived to fill void in the private money market, where the private financial structure of the State would not, or could not, meet the needs of the people. Most of the programs were directed to the enhancement of small entrepreneurs and/or expansion of certain developmental industries or business. A couple of them had the enhancement of social benefits as their goal. Generally, the interest rate charged was lower than that rate charged by banks, and loans were usually considered to be of a "higher risk" nature than that normally undertaken by private banks.

There is a certain vagueness in the purpose and function of the specific programs. Some allow for departmental discretion on interest rates, terms, etc. None set specific performance standards or goals. This is not stated as criticism, because a certain latitude should be allowed to the managers to point the program in the proper direction without undue statutory constraints. Nevertheless, there is an overall vagueness, especially as to the goals.

There has been a recent attempt by the Department of Commerce and Economic Development to quantify the performance of the various loan programs as to their "yield" to the State Treasury. Recognize that "maximizing yield" does not appear to be the primary purpose of any of the loan programs. However, both the Commissioner of Commerce and Economic Development and the Commissioner of Revenue feel that the loan programs should insure a yield commensurate with efficient loan administration and the purpose of the program. The following then, is a recent attempt at determining precisely what the yield is today.

For purposes of comparative analysis, we have chosen three basic loan programs. First was "business loans" which are administered by the Division of Business Loans and is an aggregate of three programs: the Commercial Fishing Revolving Loan Fund, the Tourism Revolving Loan Fund, and the Small Business Revolving Loan Fund. The second program chosen was the "Veterans'." This includes all single family, and multiple family dwellings, personal, and business loans made to Alaskan veterans under the Veterans' Program. The third program shown is that of the Alaska Housing Finance Corporation (AHFC). AHFC is a "secondary" lender that buys Alaskan mortgages from banks and receives its capitalization from independently offered bonds. On this latter point, it is distinctly different from the other loan programs, which receive their capitalization from the general fund in accordance with their applicable statutes. AHFC is also run by a board of five directors, four being appointed by the Governor and the fifth one, required by statute, being the Commissioner of Commerce and Economic Development. Therefore, its direction, while generally being "under" the Department of Commerce and Economic Development and having the Commissioner as the Governor's link, is in fact independent to a certain degree. These three programs were chosen for two reasons: first because they are the largest programs in the State and are fairly representative, and secondly because they are in the purview of the Department of Commerce and Economic Development and the data was more readily at hand. The next two charts (charts 1 and 2) address themselves to the dollar volume of the programs at fiscal year end for the last four years and projections for 1977. Note that there is no projection for Alaska Housing Finance Corporation for FY '77. Assuming that AHFC will stay at least equal to the FY '76 level (a very conservative, if not inaccurate assumption) the total volume of these three programs in FY '77 will well exceed $350 million. Chart 3 depicts total number of loans in portfolio.

TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO

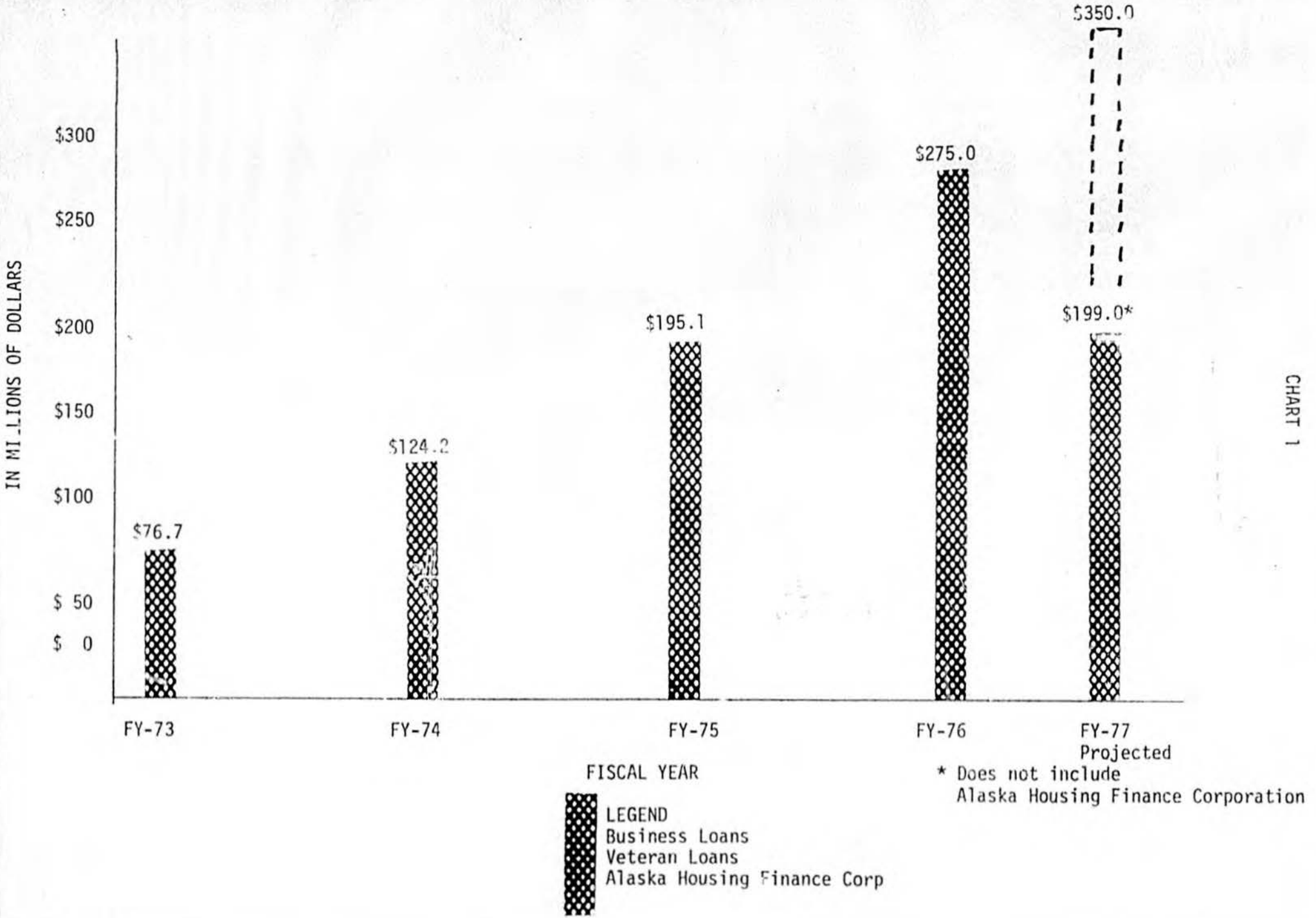
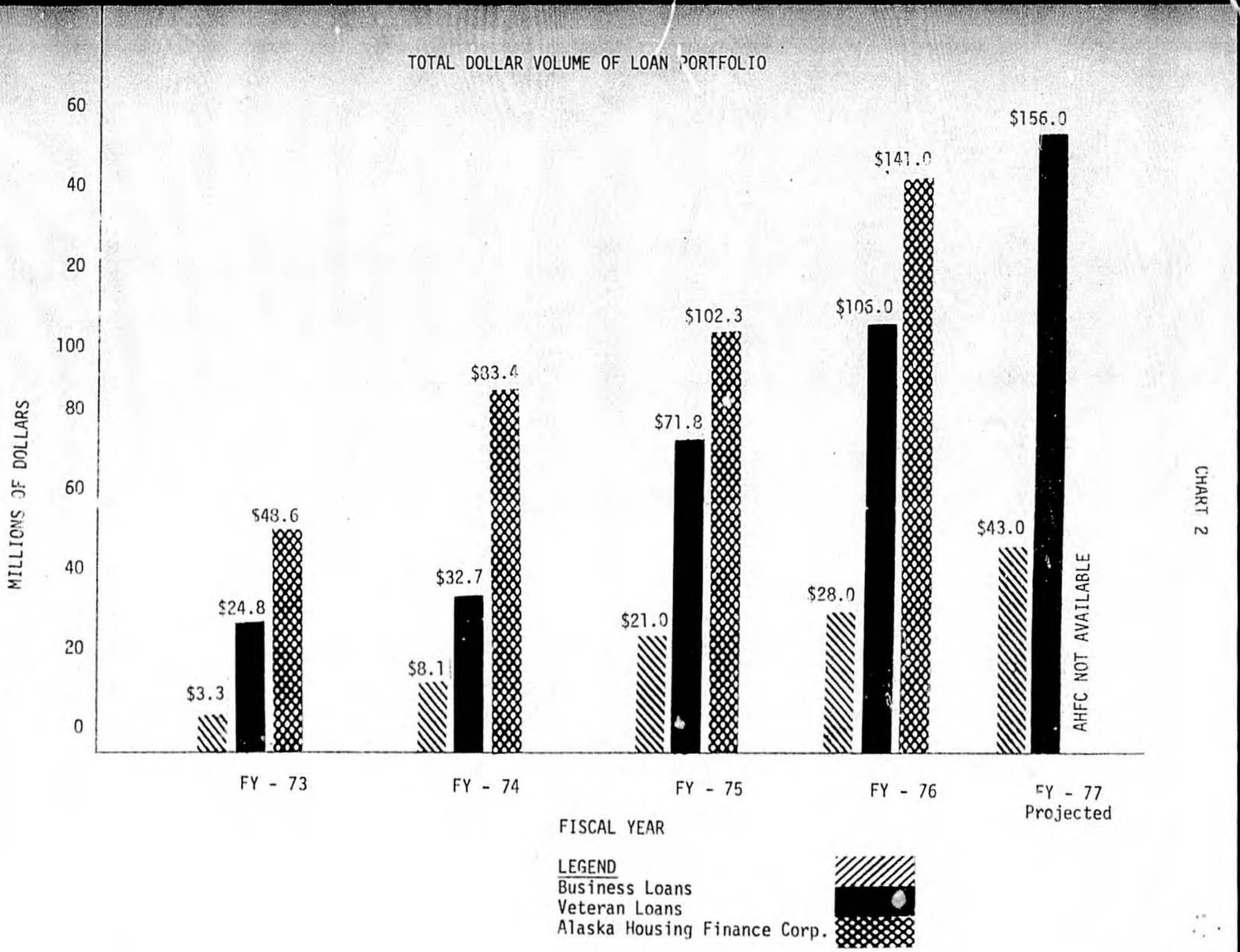


CHART 1


TOTAL DOLLAR VOLUME OF LOAN PORTFOLIO
MILLIONS OF DOLLARS
60
40
20
100
80
60
40
20
0
$3.3
$24.8
$48.6
$8.1
$32.7
$83.4
$21.0
$71.8
$102.3
$28.0
$106.0
$141.0
$43.0
$156.0
AHFC NOT AVAILABLE
FY - 73
FY - 74
FY - 75
FY - 76
FY - 77
Projected
FISCAL YEAR
LEGEND
Business Loans
Veteran Loans
Alaska Housing Finance Corp.
CHART 2

TOTAL NUMBER OF LOANS

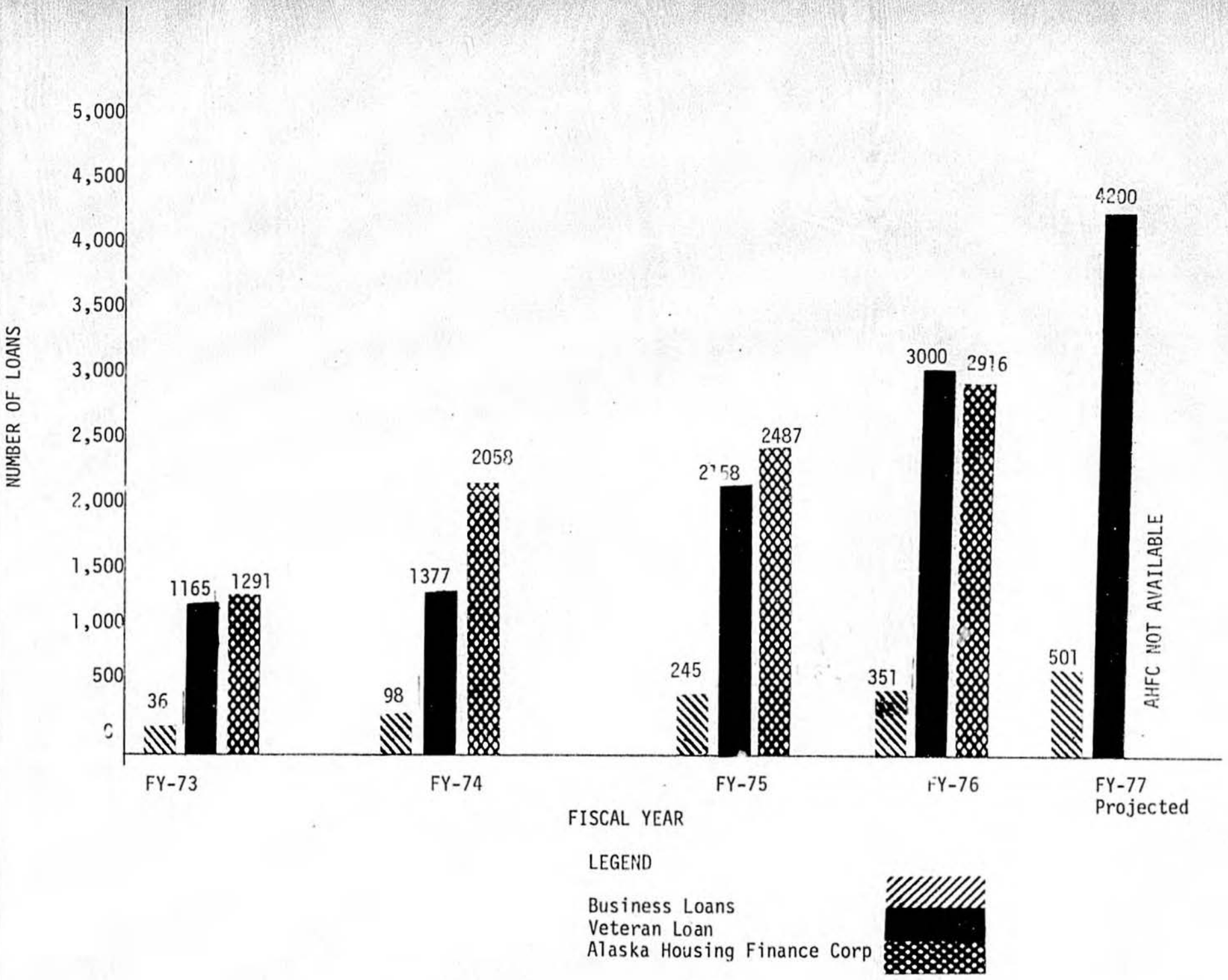


CHART 3

In order to start an analysis of the performance of the funds, it was decided to examine what was the "gross return" to the State on its "investment." It is important to recognize certain points in this comparative analysis:

A. The three different programs used different accounting methods.

B. AHFC does not "return" to the State; it "returns" to itself, and it must "buy" its capitalization in the bond market.

C. The historical record keeping, especially in the earlier periods, did not contemplate an analysis as to yield, so a certain amount of interpolation and computation was necessary.

D. There are different rates of interest charged for the different programs. For instance, tourism, fishing, and business loans are set by statute at 8%, 7.5% and 8% respectively. Therefore, as the volume of fishing loans goes up in relation to the other programs, the yield comes down. The Veterans' interest rate is set by the Commissioner, and is currently 7.5%. The portfolio does include many early loans at 6% (and still on the books) so this factor coupled with a dramatic decrease in delinquencies has resulted in an increased yield in the past 1.5 years. AHFC's rate "floats" with the "price" of bond money and the prevailing mortgage market money rate. Generally we attempt to keep the rate at 3/4% - 1% below the prevailing private market.

These caveats notwithstanding, the basic formula used in arriving at "gross" yield was basically followed by dividing the income received in any given point in time (year) by the amount of money invested in that point in time. "Income" was defined as all principal and interest payments, loan application fees, service fees, late charges, etc. Therefore the basic formula used in chart 4 was:

$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Income}$$

GROSS YIELD ON LOAN PROGRAMS

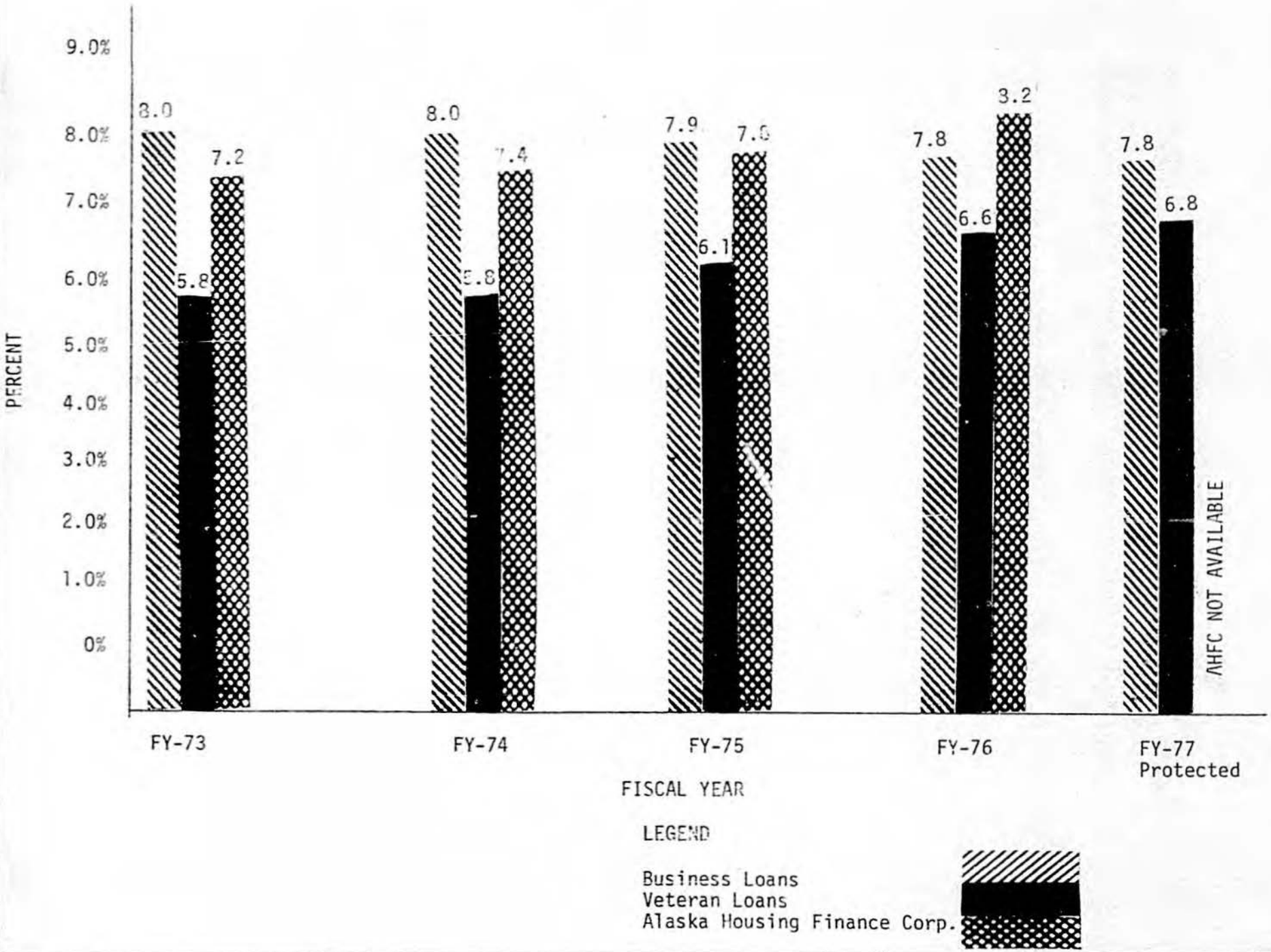


CHART 4

The comparisons of gross yield are not completely intellectually honest, in that they do not address themselves to the efficiency of the management of the programs. A more thorough analysis must address the expense of operating these programs. In most of these programs the expenses involved are operating expenses, as very little permanent acquisition or "capitalized" items occur. Again there are certain caveats in comparing the various programs:

A. AHFC does not make "retail" loans; it buys loans already made by private financial institutions. Therefore it does not have the expenses associated with initial loan applications, servicing, etc. These costs are borne by the private market and accounted for in a "servicing fee" they retain prior to selling the loan to AHFC.

B. There is a certain amount of economies of scale. During the significant gearing up for the business loan programs (FY '74) the ratio of expenses to income was understandably high. Obviously, as the amount of loans and dollar volume of income and investment go up, a more efficient ratio can be established. There are two other governing criteria: first, a cost efficiency trade-off as to "hand posted" accounts vs. computerized billing and servicing will be eventually reached; and secondly, with both of these methods ("hand" and "computerized") there is a plateau of cost per loan that is reached. The increase in the Veterans' expenses in FY '77 over FY '76 is attributed to just that--we are in the process of converting billing and servicing to a computerized system. While in normal accounting practices one would "capitalize" such expenses, we have included it in one year under operating expenses. FY '78 expenses, therefore, will be less than FY '77. (see chart 5)

The relationship of income to expenses and their relationship to investment is addressed in the next two charts. Chart 5 deals only with the expenses involved, and these expenses are normally operating expenses. In the Alaska Housing Finance Corporation chart we did not include the "expense" of bond money. Chart 6 arrives at a "net" yield. For purposes of definition, the income used in previous examples, less all the associated operating expenses to run the program, divided by the investment (as described in previous examples) equals net yield, therefore:

$$\text{Net Yield} = \frac{\text{Income - Expenses}}{\text{Investment}}$$

LOAN PROGRAMS - OPERATING EXPENSE

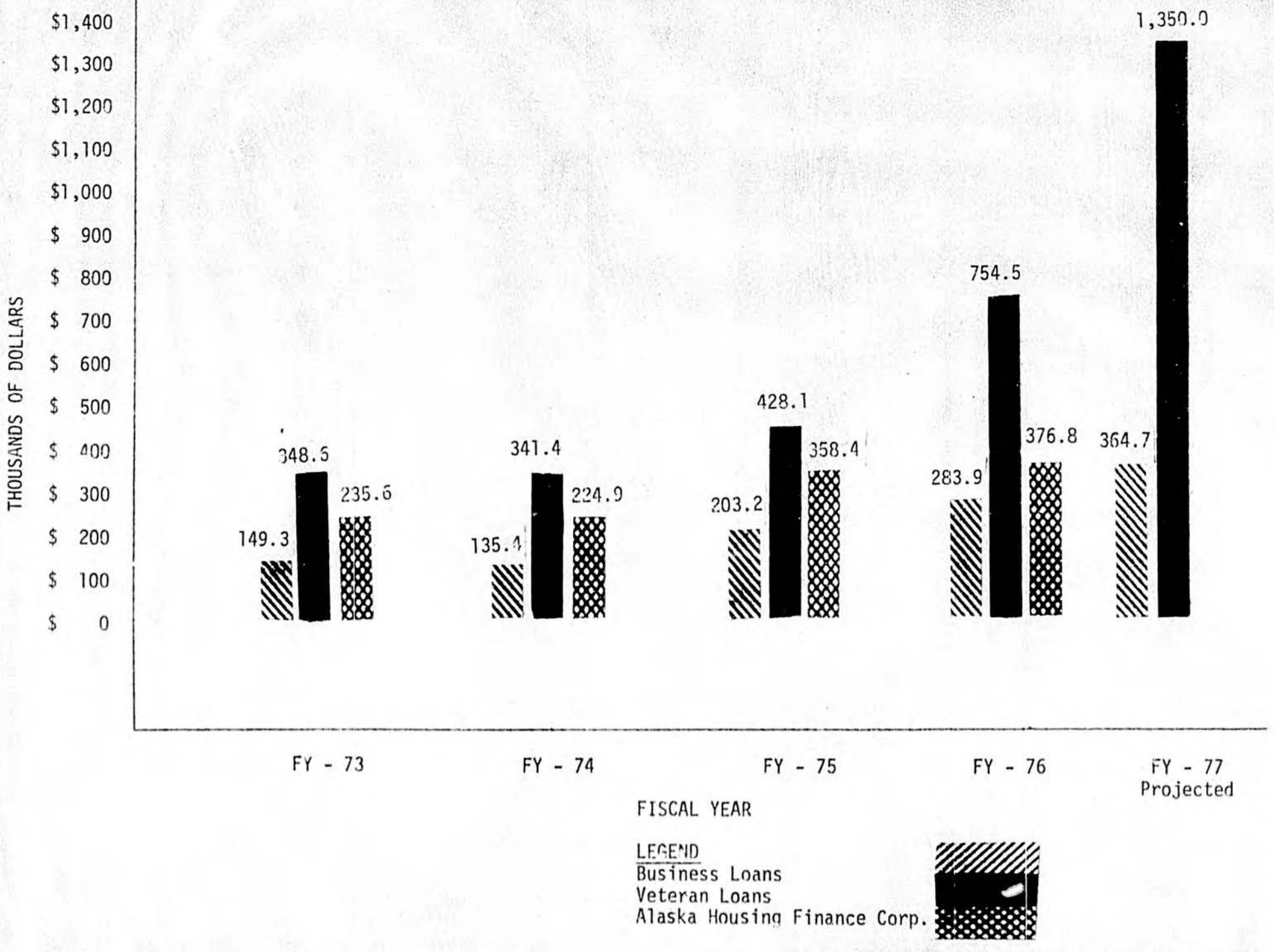


CHART 5

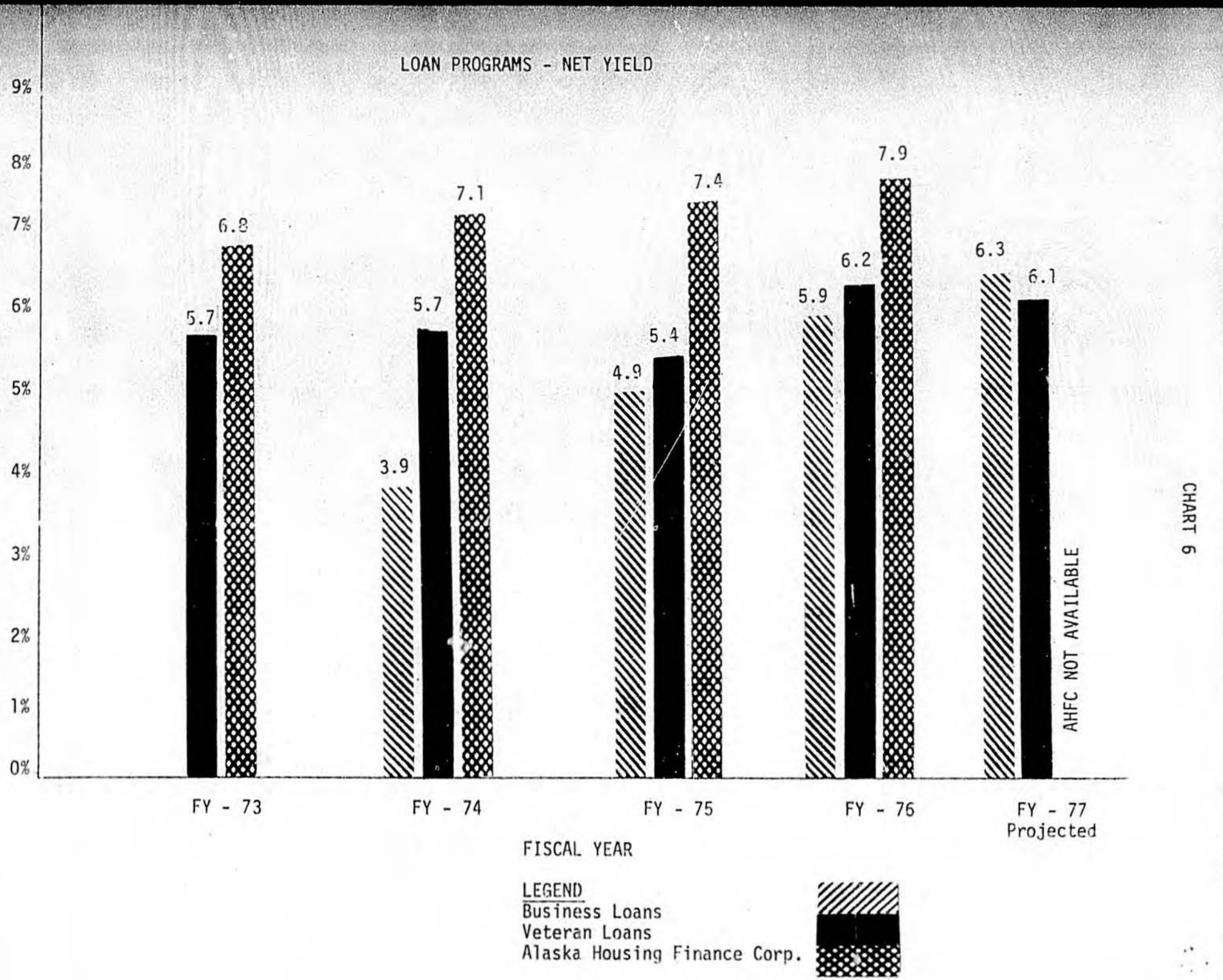

LOAN PROGRAMS - NET YIELD
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
5.7
6.8
3.9
5.7
7.1
4.9
5.4
7.4
5.9
6.2
7.9
6.3
6.1
AHFC NOT AVAILABLE
FY - 73
FY - 74
FY - 75
FY - 76
FY - 77
Projected
FISCAL YEAR
LEGEND
Business Loans
Veteran Loans
Alaska Housing Finance Corp.

CHART 6

The final chart (7) in this portion addresses itself to the delinquency rate of the programs. Generally speaking, a high delinquency rate is symptomatic of one or more of the following: poor underwriting criteria, poor servicing procedures, and poor loan portfolio evaluations. It is generally reflected in a reduced "earned income" as a result of poor "collected income." This is then translated into lower gross and net yields. For purposes of definition, a loan is delinquent when 31 days or more have transpired without the receipt of an expected periodic payment. A quick look at chart 7 reveals two things: first a significant decrease in the delinquency rate of the Veterans' program in the last two years. While arguably, a small share of this could numerically be accounted for by the overall growth of the portfolio, the major reduction was a result of a targeted effort on the part of the division and management to reduce, what was in December of 1974, an intolerable situation. The second point that comes to mind is that the 1976 level for all these programs is within acceptable limits. Each in its own sphere ("business" or "home loans") is at least competitive, if not superior, to the levels maintained by private institutions in Alaska.

Permanent Fund

The idea and concept of the Permanent Fund received much deliberation and debate prior to its passage by a respectable majority of the people on November 2. What the people voted on and is now embodied in two sentences with 94 words in the Constitution was:

> SECTION 15. ALASKA PERMANENT FUND. At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a PERMANENT FUND, the principal of which shall be used only for those INCOME-PRODUCING investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

We have highlighted two phrases in that section for your consideration. This is because, of all the important guidance contained in that section, those two phrases probably have as much importance, if not more than any other, while at the same time being the two phrases with possibly the most relative absence of legal definition or precedents. Because the proper definition of these two phrases, or a least an agreement on their intent, may affect other important deliberations regarding mechanisms, programs to be invested in, etc., we believe the resolution of a definition of these phrases to be paramount. To this end we have attempted to lay out a methodology for definition which should be embodied in law.

"Permanent Fund":

"Permanent" implies the need for protection, because "permanent" means it's going to be with us for a long period of time.

"Fund" implies principal or investment, or the receptacle for the dedicated 25%.

Therefore, protection (permanent) of the principal (fund) is a critical criterion.

"Income Producing":

"Income Producing" means that in addition to the return of the initial investment something more (let's say "x") is contemplated. The magnitude of "x" will be the income produced. This income (x), expressed in the percentage, is usually defined as "yield" or "return."

Therefore:

$$\frac{\text{Income}}{\text{Investment}} = \text{Gross Yield}$$

However, as we stated earlier, gross yield is not completely honest. One should take into account administrative and operating expenses to arrive at a truer yield.

Therefore:

$$\frac{\text{Income - Expenses}}{\text{Investment}} = \text{Net Yield}$$

Have we provided for the "protection of the fund?

What about the long-term rate of inflation?

Persons involved in the management of trust funds or similar permanent type funds have long battled to "protect" the principal amount of the fund from erosion or inflation. Charts 8 and 9 show what has happened and what possibly will happen to the producing power of the dollar over a period of time. Chart 8 shows what has happened to the purchasing power of the dollar in the last 30, 20, and 10 years respectively. One dollar in 1945 is worth 30¢ today or has an average long-term rate of inflation of 4.4%. One dollar in 1955 is worth 48¢ today or has an average long-term rate of inflation of 3.7%. One dollar in 1965 is worth 68¢ today, or has an average long-term rate of inflation of 5.6%. Chart 9 shows what the value of a dollar will be over the next 18 years (1977 through 1995) assuming the long-term rate of inflation to be 6%. That shows that a dollar today will be worth 35¢ in 1995.

ACTUAL PURCHASING POWER OF THE DOLLAR

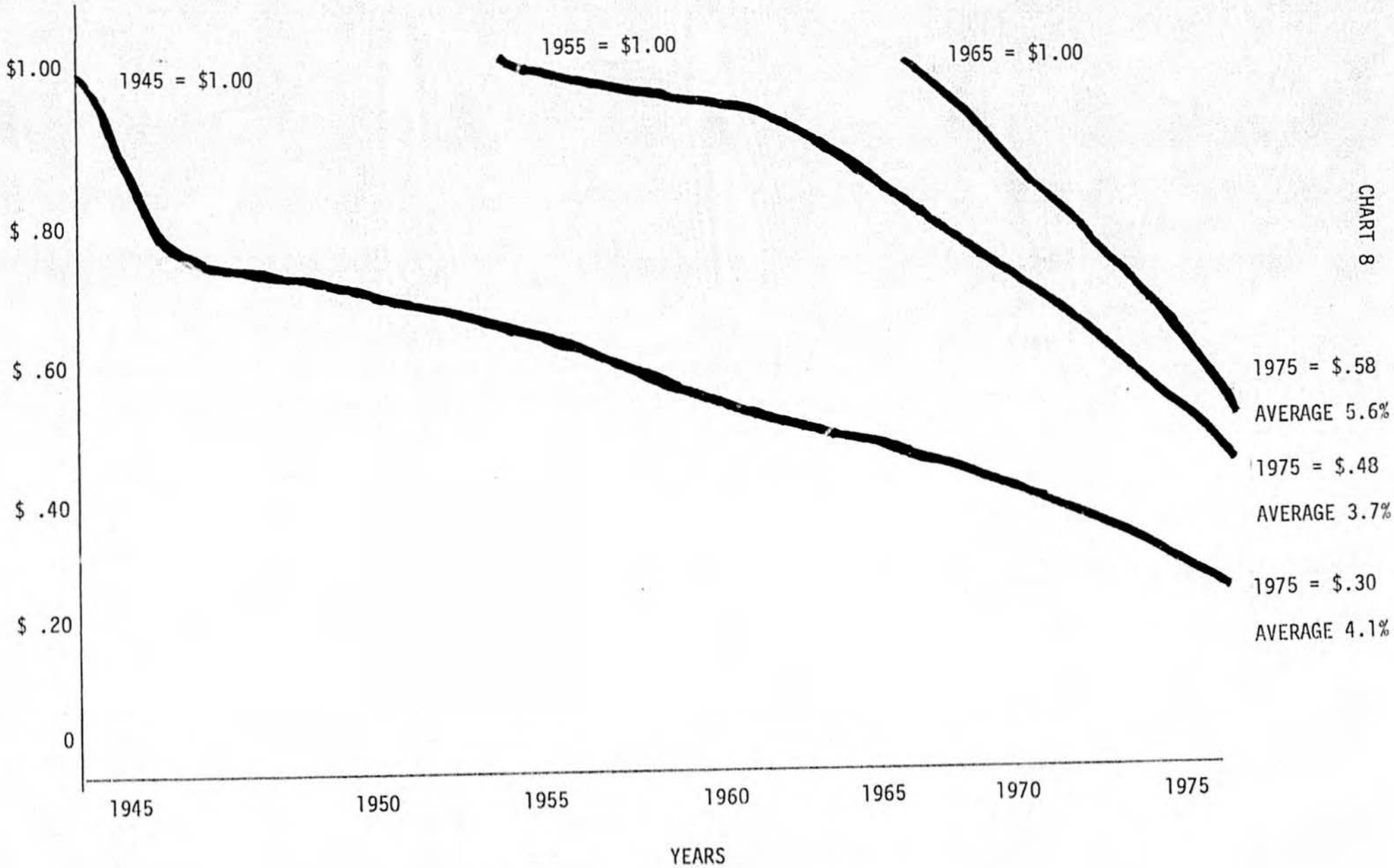


CHART 8

THE PURCHASING POWER OF THE DOLLAR

ASSUMING A 6% RATE OF INFLATION

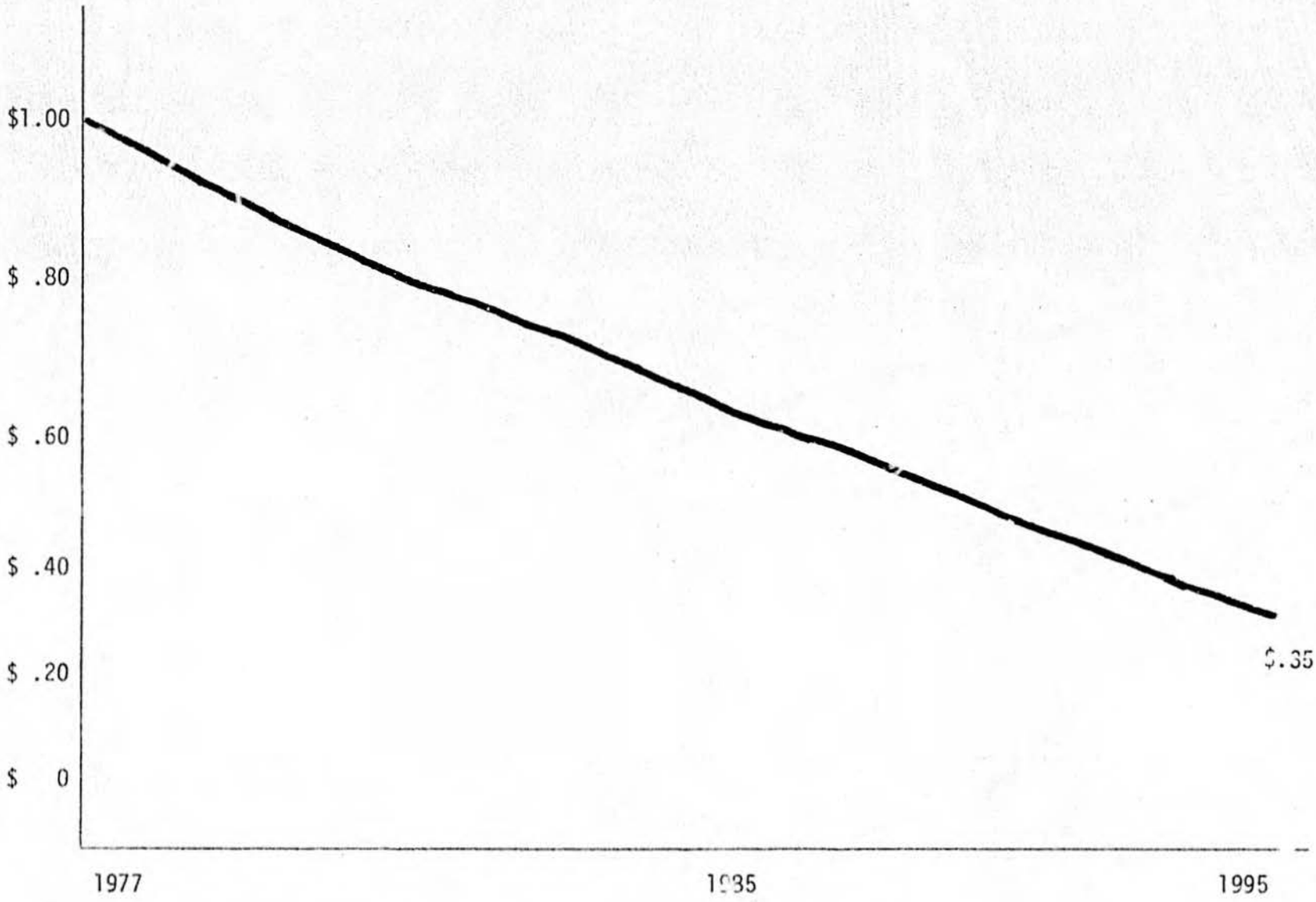


CHART 9

If one was to apply the factor of a long-term rate of inflation to the contemplated revenues to be received by the Permanent Fund, it can be quickly seen that, short of mitigating measures, the fund would erode very rapidly. In order to make the analysis meaningful, we have chosen the revenues projected for the Permanent Fund as depicted in Revenue Journal, Vol. I. No. 2, October 1976, by the Depa tment of Revenue. Chart 10 shows gradually increasing funds starting from $2.8 million in FY '77 and totaling $1,883.8 million in FY 1985. This assumption (and ours) contemplates "current" dollars and includes only money deposited in the Permanent Fund.

PERMANENT FUND BALANCE

IN CURRENT DOLLARS

(BY FISCAL YEAR)

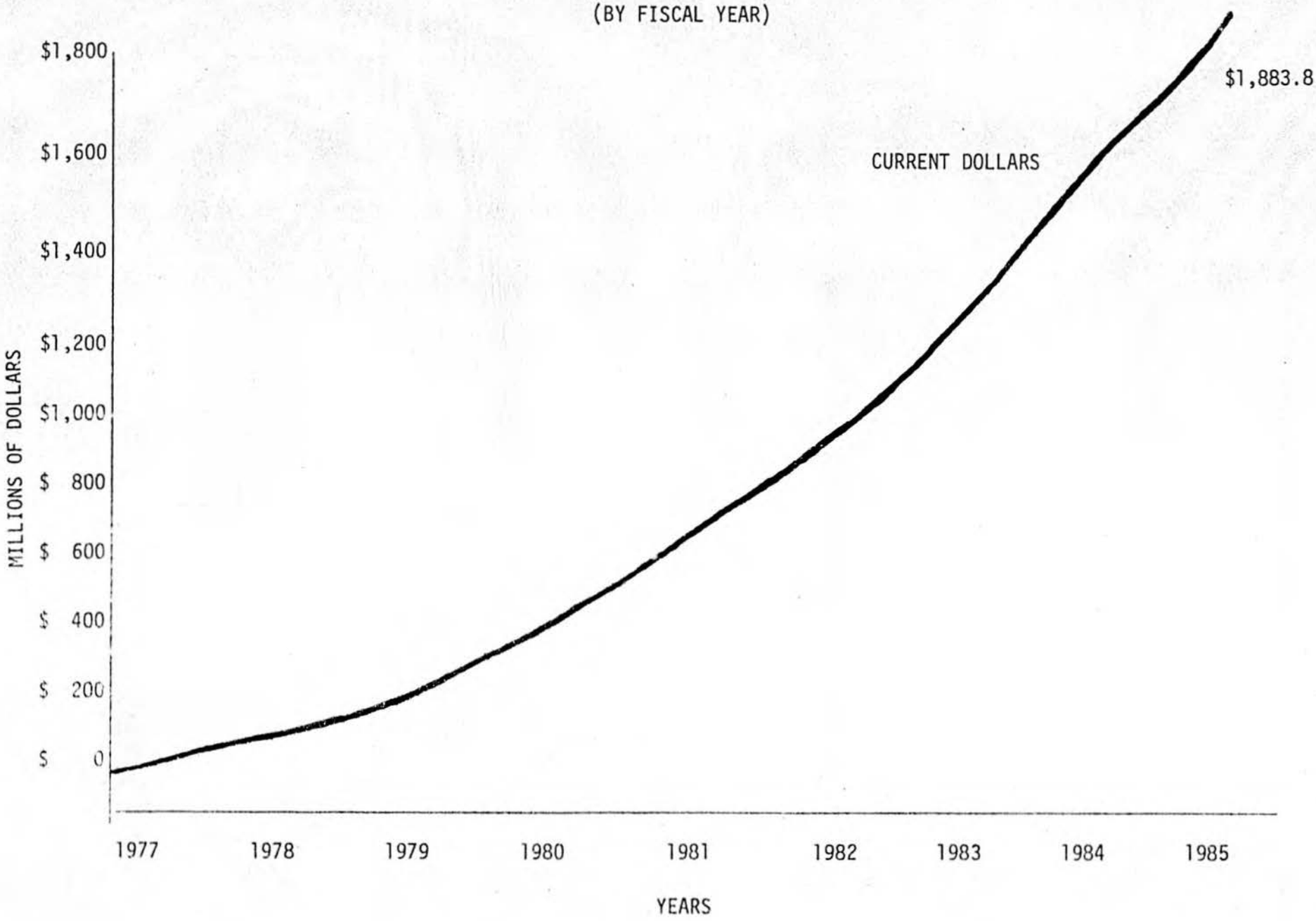


CHART 10

In chart 11, we have added a second line that represents "constant" dollars that have suffered an erosion at the rate of 6% per year in purchasing power. One can note that the differential is not much because the majority of the money was added to the fund in later years.

PERMANENT FUND BALANCE

IN CURRENT AND CONSTANT DOLLARS

(BY FISCAL YEAR)

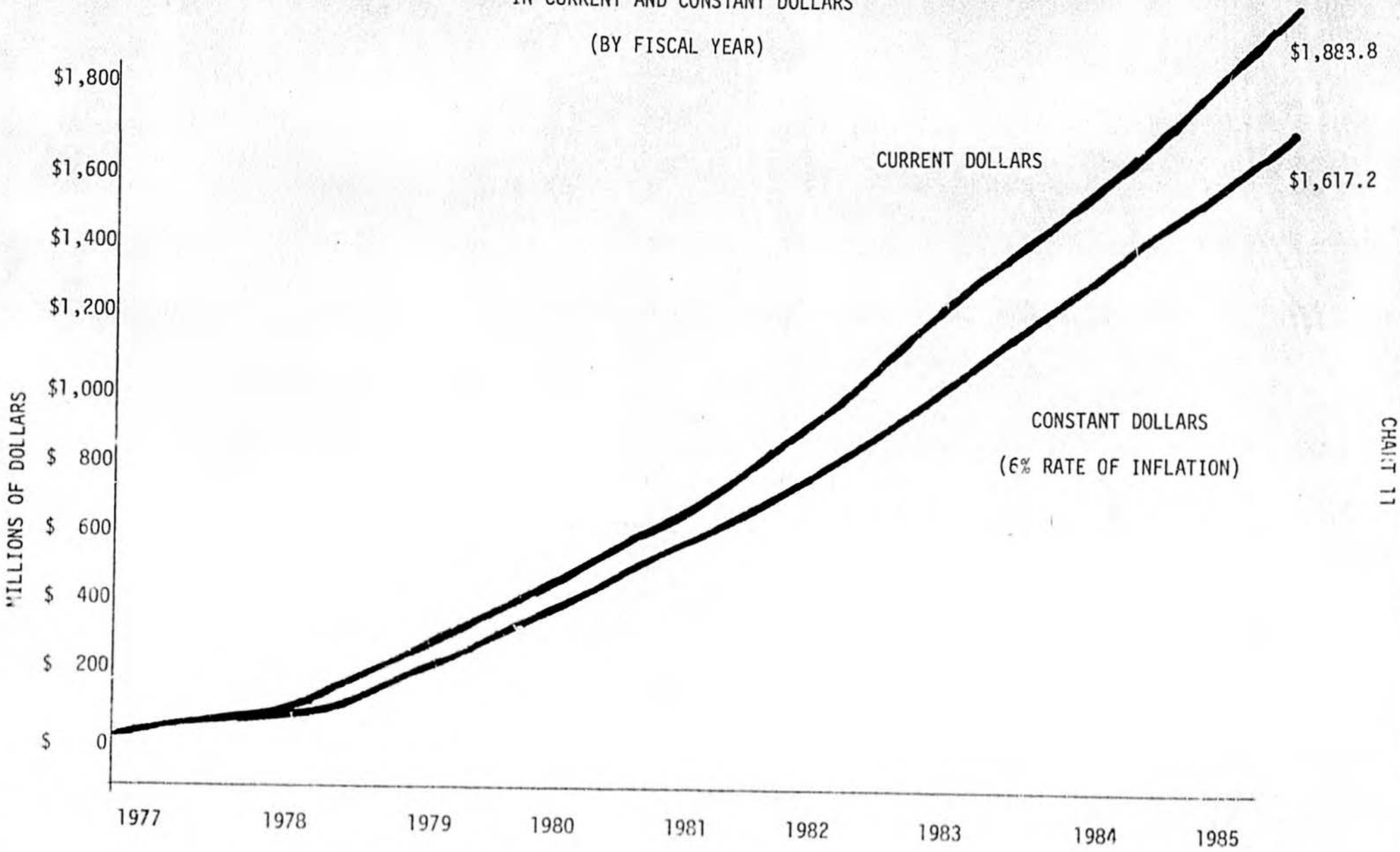


CHART 11

If it was determined to add to the Permanent Fund at a rate equal to the erosion factor (assuming a 6% rate of inflation), then the fund would have to have $2,209.1 million in 1985 to equal the $1,883.8 million purchasing power that we envisioned in 1977 (see chart 12).

PERMANENT FUND BALANCE

IN CURRENT AND INFLATIONARY DOLLARS

(BY FISCAL YEAR)

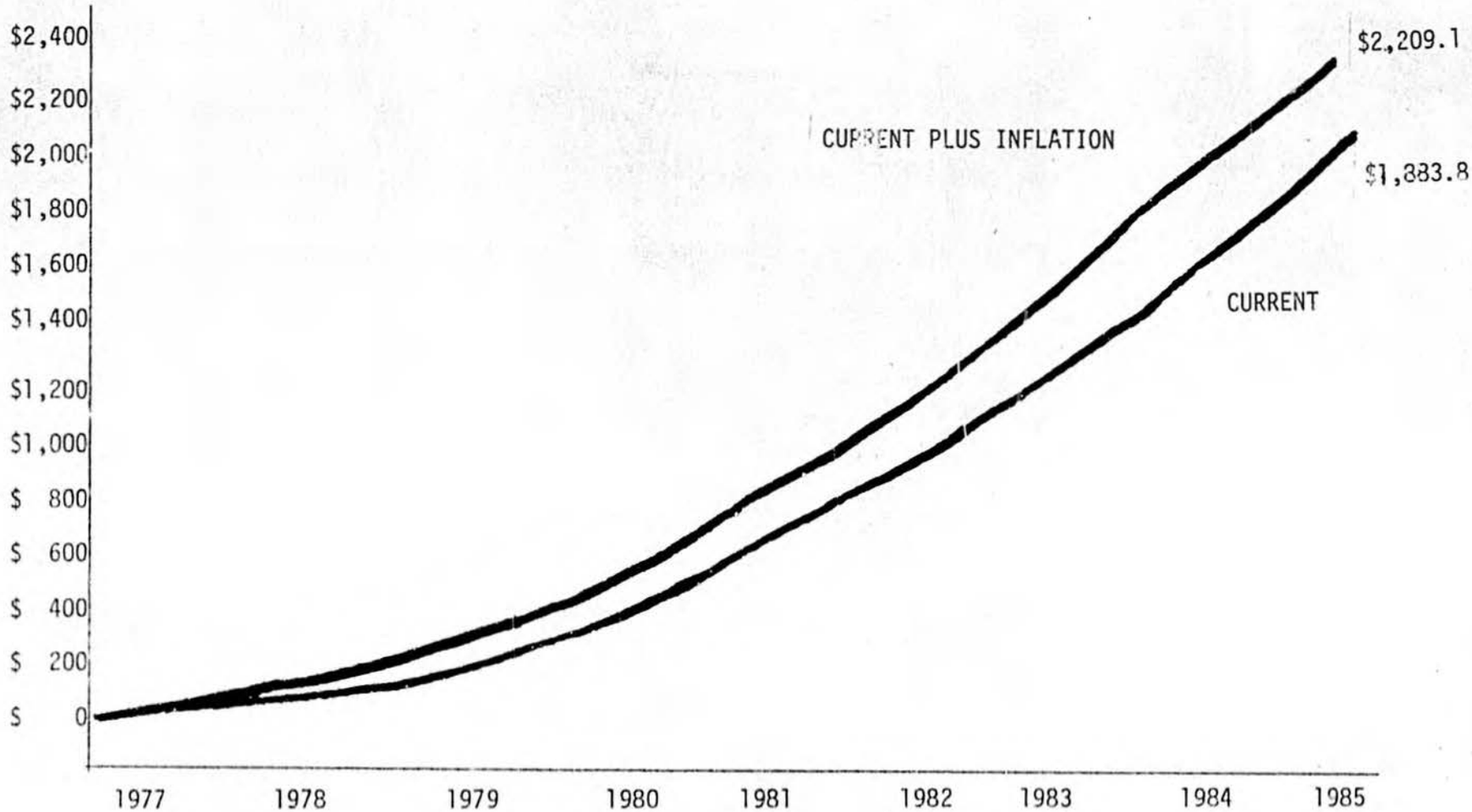


CHART 12

If the goal is to maintain the purchasing power of the dollar as we envision it today, and assuming a 6% long-term rate of inflation, then the Permanent Fund total in 1995 would have to be $6,041.6 million. If no action is taken, then that Permanent Fund as envisioned by us to be "worth" $1,883.8 million in 1985, will in fact erode to a "worth" half that, or $971.4 million in 1995. (See chart 13)

PERMANENT FUND

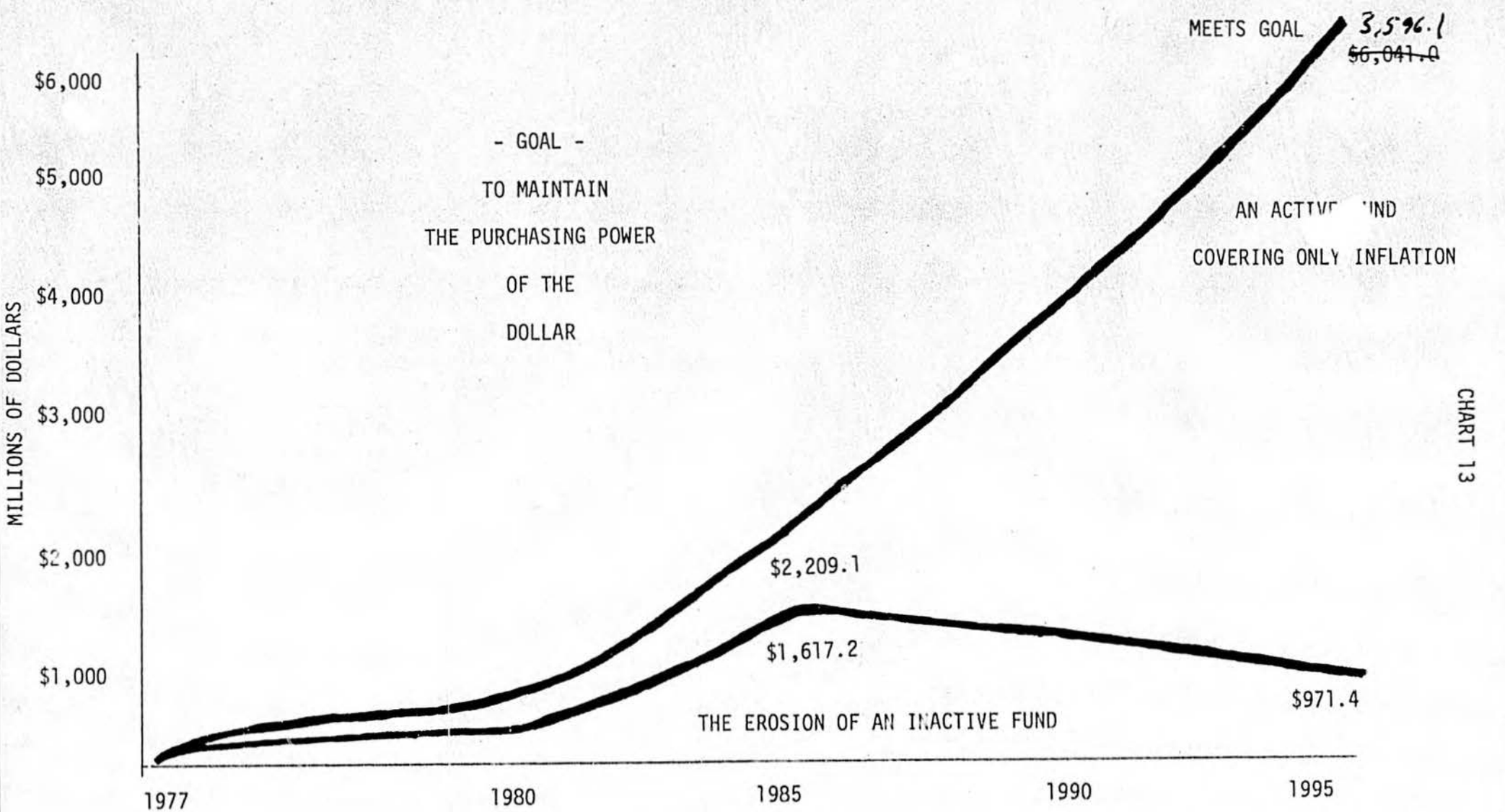


CHART 13

It becomes abundantly clear then that short of statutory action "...unless otherwise provided by law", there will be an erosion of our nonrenewable nest-egg to the point that the income generated from it - in the time period when it will be most needed - would neither sustain government-provided services or provide a dividend to the people.

Therefore, it is felt by some that not only for practical reasons, but more importantly, to achieve satisfaction of the basic Constitutional criteria, a formula similiar to the following should be enacted into law:

$$\text{Permanent Fund} + \text{Income Producing} = \frac{\text{Income - Expenses - LTRI}}{\text{Investment}} = \text{Yield}$$

If the foregoing has any merit, and in the form of a summary or conclusion, we believe the priority goals of this committee should be:

I. Arrive at a proper legislative definition of "permanent fund" and "income producing" as an overall policy guide to "Permanent Fund Inc."

This should:

A. Be expressed in layman's terms.

B. Have periodic accountability standards to the public (in simple terms) in addition to the required annual audits. The test might be:

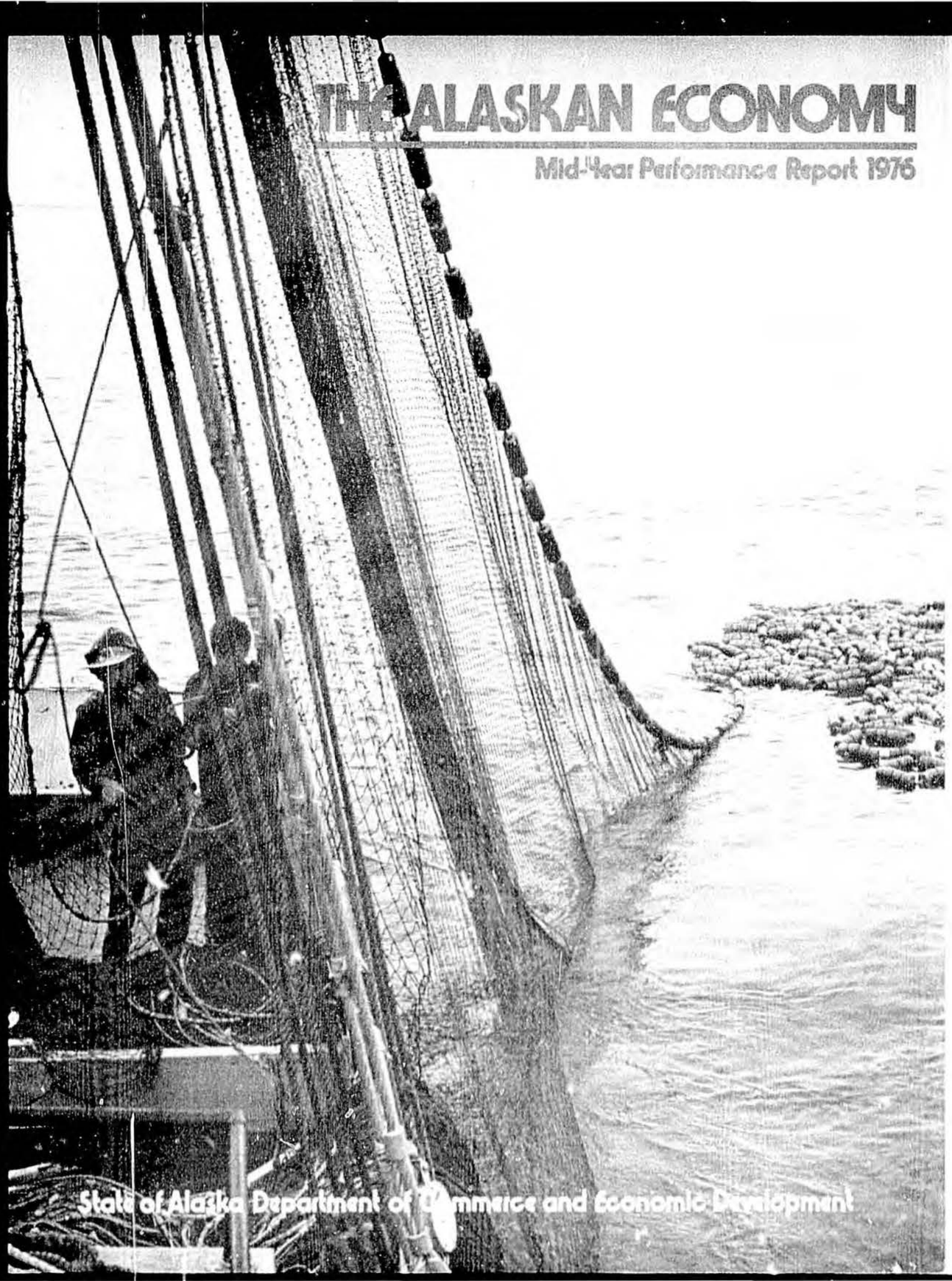
"For year 19--, was it "income producing" and did it remain "permanent"?

II. Select the appropriate mechanism to manage the Permanent Fund.

A. Determine selection and composition of the governing body (bodies).

B. Delineate the Authority and responsibilities of the governing body and "staff".

III. Discuss the investment criterias and directions beyond the "income producing" "permanent fund" definitions.



THE ALASKAN ECONOMY

Mid-Year Performance Report 1976

State of Alaska Department of Commerce and Economic Development

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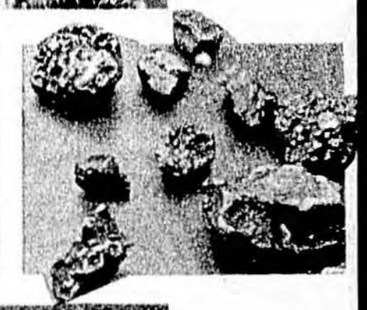

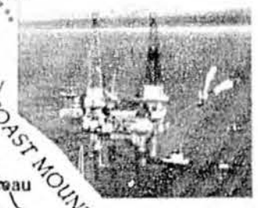

Introduction

Isolated wi[illegible] northern corner of the world, distant from many of the nation's urban and regional centers of economic activity, finance, and population, Alaska's misconceived image is rapidly being changed. For better or for worse, the attention that Alaska has attracted, nationally and internationally, is dispelling the average non-Alaskan's stereotyped notions of what actually comprises this State's natural and human resources. As the world's demand for Alaska's natural resources increases, greater pressures will be exerted for development. Only by becoming better informed on the issues and alternatives, and through the use of judicious planning, can we hope to be able to intelligently guide future growth and development for the benefit of all Alaskans.

This issue of the Performance Report examines the second year of our current economic expansion and presents a preliminary view of the economic trends in 1976. The past twenty-four month interval has not been one of moderation. A number of activities have been very visible, and in some instances very volatile, affecting the lives of every Alaskan. And yet, it is abundantly clear that there is an underlying strength and stability developing in the State's economy which will not disappear with "the pipeline". A base is being established for future economic growth. Increased activity is being experienced by the Native regional and village corporations — a very potent economic force; offshore and onshore petroleum exploration and development is increasing in tempo; and with the national and international economies recovering from the recent recession, the export demand for Alaska's natural resources is improving. These and other activities are effectively broadening the State's economic base, mitigating the potential for a "boom-bust" condition to occur.

The coverage and content of this report has been changed somewhat, notably with the addition of a statistical section. This new section was added in response to requests for more detailed data than what has been provided in the narrative or tables of previous issues. This section also provides an update to some of the time series contained in another publication of the Division, the ALASKA STATISTICAL REVIEW. Other changes include new sections on population and personal income; an expanded and more in-depth analysis of international trade and the focus of the government section has been shifted to an historical perspective. In addition, for the first time, area profiles have been added for Juneau and Ketchikan.

This report is divided into two parts. The first part is a text, grouped by such subjects as the mineral industry, petroleum and natural gas, fisheries, forest products, etc., accompanied by charts and photographs. The second part is a statistical documentation of the first part. The sources for the data contained in the statistical section have been credited on each tabulation. The Division of Economic Enterprise wishes, however, to acknowledge its indebtedness to the many individuals in the government and private sectors, who gave generously of their time and effort in providing us with information and data for inclusion in this report. The special service rendered by each of them is gratefully appreciated.

Once again, we earnestly solicit input from our readers as to ways in which this publication can better meet their needs.

ALASKAN ECONOMIC INDICATORS

	[illegible]	[illegible]	1972	1973	1974	1975[p]	1976[f]	% Change 1975-1976
Total Resident Population (000)	302.4	311.0	322.1	330.4	351.2	404.6	419.0	+ 3.6%
Labor Force (000)	108.2	115.9	122.9	129.6	148.9	178.6	188.8	+ 5.7
Total Employment (000)	98.5	103.8	110.0	115.6	134.0	164.1	173.3	+ 5.6
Wage & Salary Employment (000)	93.1	98.3	104.2	109.9	128.2	160.9	170.0	+ 5.7
Number Unemployed (000)	9.7	12.1	12.9	13.9	14.9	14.5	15.5	+ 6.9
Percent Unemployed	9.0	10.4	10.5	10.7	10.0	8.1	8.2	—
Wage & Salary Payments* ($000,000)	$1,116.2	$1,283.7	$1,422.7	$1,546.8	$2,078.0	$3,280.0	$3,800.0	+15.9
Total Personal Income** ($000,000)	$1,412.8	$1,548.4	$1,657.1	$1,957.8	$2,398.0	$3,232.0	$3,700.0	+14.5
Alaska Gross Product ($000,000)	$2,116.6	$2,257.3	$2,416.3	$2,617.4	$3,550.9	$5,600.0	$6,400.0	+14.3

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Summary and Aggregate Performance

The Alaskan economy is now in the third year of its current expansion. After posting record-breaking growth rates in 1975, the economy in 1976 is expanding less rapidly, but still at a faster rate than the long-term trend. Although the direct effects of the trans-Alaska oil pipeline upon the economy were quite evident, the expansion of the economy extended elsewhere in construction and to most other industries. As this occurred, the apparent links with the pipeline project became less obvious. Nor was this huge project the only important stimulant; other developments associated with the mineral industry grew in significance during 1975 and 1976. Declining production was noted only in the commercial fisheries and forest products industries.

Mining activity mushroomed due to the influence of various petroleum developments and intensified exploration efforts for hard rock minerals. In particular, with the Alyeska transportation system scheduled for completion in mid-1977, drilling of development wells increased sharply during both 1975 and the first half of 1976. Larger numbers of exploratory wells were drilled, both offshore and onshore, than in preceding periods.

The non-pipeline portion of the construction industry fared extremely well in 1975 and should perform similarly in the current year. Much of this work is influenced by the pipeline or the mining industry. Continued strength in residential and commercial construction plus work on four multi-million dollar industrial projects should support this year's advance.

A major decline in the Alaska timber harvest was precipitated by the severe recession which afflicted the national economies of the United States and Japan. The market failed to improve during the last half of 1975 and into 1976 as large lumber and wood pulp inventories discouraged Japanese importation of Alaskan wood products. A court decision banning clear-cutting on part of the Tongass National Forest cast a pall of uncertainty over the immediate future of timber harvesting on all Forest Service lands in the State. Further uncertainty was created by the decision of one pulp mill to cease operations rather than install the secondary water treatment facilities required by the Federal Government; at mid-year the problem had been postponed but not resolved.

Commercial fisheries experienced another mixed year in 1975. The volume of seafood caught declined fractionally from the previous year's low while the value of the entire harvest increased 15 percent. However, some of the salmon fisheries sustained severe losses, with a devastating effect upon a number of small communities whose economies are based upon this one industry, or on a combination of fishing and forest products. The statewide outlook is moderately favorable; however, certain salmon fisheries are expected to be faced with small runs and catches.

Looking at the performance of the economy from a broader perspective, there are definite signs that much of the recent and current expansion reflects what will prove to be a long-term trend rather than merely a temporary, cyclical upturn which is subsequently followed by retrenchment to near pre-pipeline levels.

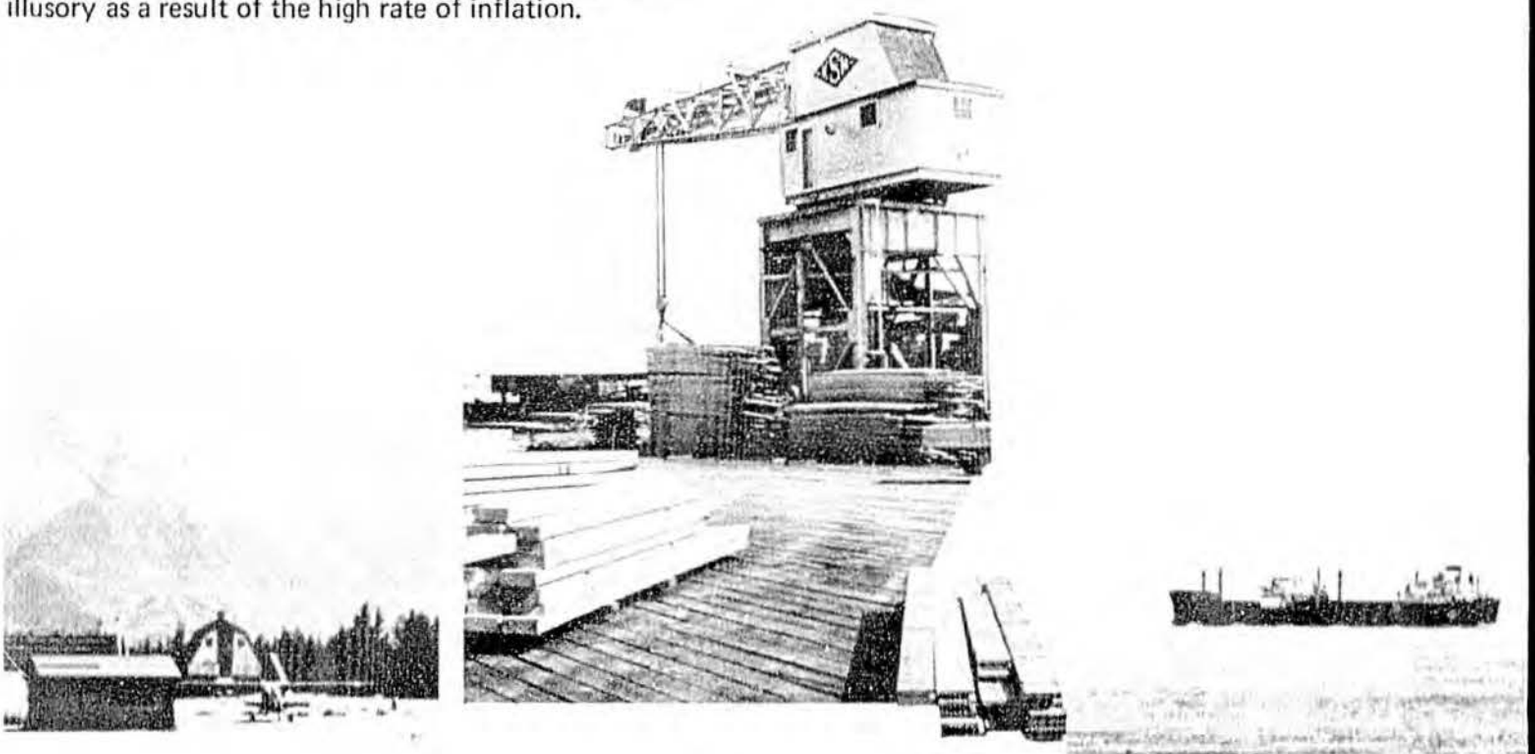
Aggregate Indicators

Final and complete data for 1975, for a number of economic variables, were not available at the time this report was prepared. However, on the basis of six months of final data for 1975, estimates of non-agricultural employment and wage and salary payments for 1975 and 1976 have been revised from that which was reported in the previous year-end issue of this publication. The new estimates reflect a fractional decrease in the average annual wage payments from +10.6 percent to +9.7 percent.

The aggregate measures of income and employment registered substantial gains during the past eighteen months. Based upon preliminary information, total employment increased to an estimated 164,100 in 1975, up 22 percent from the year-earlier average. This year, indications are that the employment total may exceed 173,000 (+5.6 percent). The Alaska Department of Labor estimated unemployment to be 14,500 in 1975, an unexpected decrease from the previous year; the unemployment rate declined from ten percent to 8.1 percent during this period. However, the downtrend in unemployment appears to have reversed as entrants into the labor force exceeded the number of jobs created in the first quarter of 1976.

The income indicators exhibited even more rapid advances than employment. Wage and salary payments jumped 58 percent to nearly $3.3 billion last year and should reach $3.8 billion in 1976. Paralleling this trend, personal income rose from $2.4 billion in 1974 to over $3.2 billion in 1975, an increase of 35 percent. This unusual situation, in which wage and salary income exceeded personal income, reflected a difference in the definitions of the two variables. Personal income estimates are adjusted to exclude income of nonresidents; wage and salary income includes nonresident income. Ordinarily, nonresident income is relatively minor. In 1975 however, nonresident workers, primarily in construction, accounted for a larger portion of personal income.

Gross State product increased by more than 50 percent between 1974 and 1975, expanding from over $3.5 billion to roughly $5.6 billion. A much slower rate of increase, about 14 percent, is forecast for 1976, when gross product is expected to total $6.4 billion. Although the income indicators grew at a very fast rate in 1975, much of the change was illusory as a result of the high rate of inflation.



Sources of Basic Income

The economic health and prosperity of any region is dependent upon those goods and services which that region produces and markets beyond its borders. In general, those industries primarily dependent upon the growth of local markets are classified as "non-basic industries", while those industries whose income is derived from markets outside of the regional area are classified as primary or "basic industries". These basic industries are important in that they provide the "new dollars" necessary for purchasing those goods and services which the region does not produce and hence, must import.

The resource industries of mineral extraction and fisheries tend to be the major sources of basic income in Alaska. Other significant basic industries include tourism, forest products, international trade, and the Federal Government sectors, all of which contribute "new dollars" to the State's economy.

In many regions, agriculture is also considered a basic or exporting industry. However, in Alaska, the agricultural industry has not yet progressed to the stage of exporting the majority of its products.

Minerals

While gold was the first mineral to draw attention to Alaska's vast mineral resources, petroleum and natural gas now rank as the leading mineral commodity produced in the State. Significantly, even though their combined value accounts for slightly more than three-fourths of all minerals produced in the State, the value of other precious and industrial minerals is gaining in importance. Between 1971 and 1975, the value of petroleum and natural gas produced increased by 43.0 percent, while all other minerals combined recorded a gain in value of production that amounted to 175 percent. However, the gain was largely accounted for by huge volumes of construction aggregates used for the Alyeska pipeline project, and by inflated metal prices.

The total value of all minerals produced in Alaska reached a record high of $524 million in 1975, representing a gain over 1974 of $86 million or 20 percent. The value of petroleum and natural gas production accounted for nearly $25 million of this increase and the value of minerals other than petroleum and natural gas, the remainder, or $61 million.

The value for sand and gravel production held the spotlight in 1975, reaching over $100 million for an increase of more than $47 million over 1974. Paradoxically, while the total value increased by 89.5 percent, the volume of production declined by 40.8 percent. This is, however, a direct result of the end use for the product. In 1974, a large volume of sand and gravel was furnished at no cost for the pipeline haul road (which is to become part of the State's public highway system). The major end use in 1975 was for construction of work pads on the pipeline and therefore, the sand and gravel was sold to private companies at a negotiated price.

Gold production increased sharply, both in volume and value, as a result of the part year reactivation of an Alaska Gold Company dredge at Nome. Full year operation of the reactivated dredge and the possible part year operation of a second dredge can be expected to add considerably to the gold volume in 1976. Recent gold prices, however, appear to be fluctuating around $130 per ounce, considerably lower than the highs reached in 1975. Coal and platinum production remained stable during 1975.

Expectations for the mineral industry during 1976 include, among others, the resumed production of barite from the Castle Island deposit; continuation of the coal production at the Usibelli Mine near Healy which supplies fuel for electrical power and heat generation for the Fairbanks area; the consumption and, therefore, the production of sand and gravel should decrease as pipeline construction nears completion; and the platinum dredge at Goodnews Bay will be deactivated, ending its long term steady production of that metal.

Expenditures by federal and State agencies for mineral exploratory projects should remain high. The efforts will seek to identify high mineral potential as an aid to land classification and land status assignment decisions.

Industrial exploration activity is expected to decrease from the high level of 1975 as a result of improving political policy in other world areas with nearly equal geological probability for mineral occurrence. Exploration budgets tend to migrate to those areas where conditions for recovery of the investment seem most favorable.

A few of the previously active exploration projects have reached the stage of relative inactivity and maintenance while the processes of environmental statements, permits, feasibility studies, and final financing decisions and arrangements are undertaken.

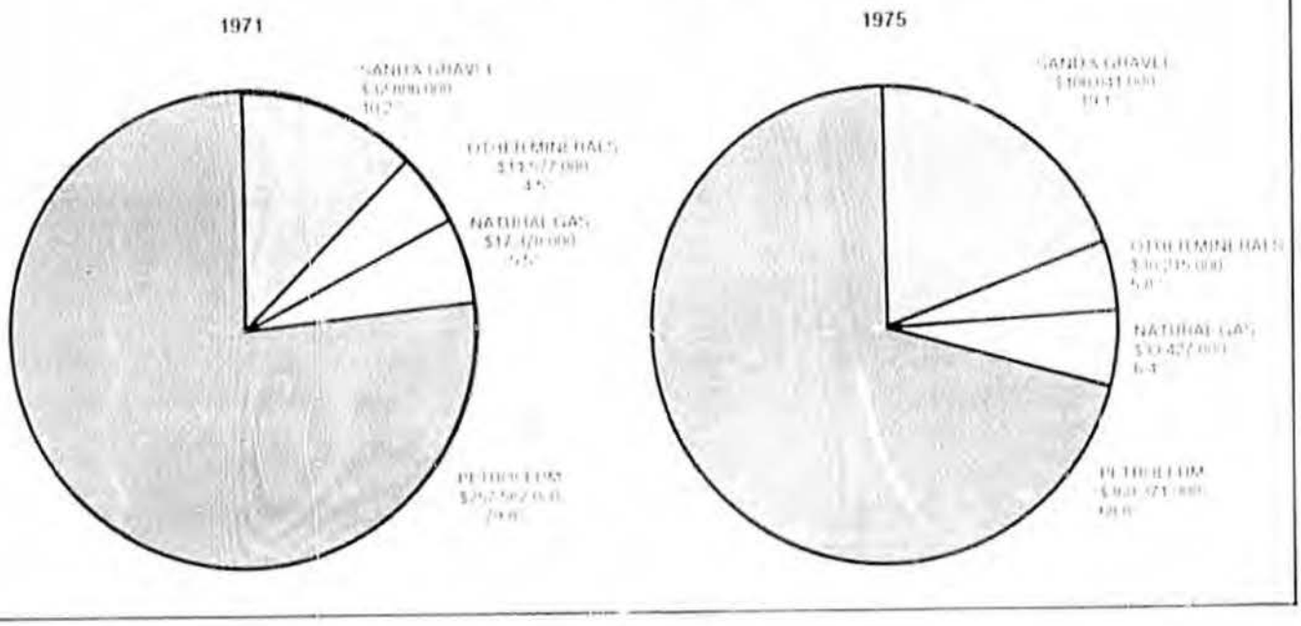
Exploration on Native regional corporation lands is expected to remain high or increase. These corporations will depend on profits generated from the resource product development of their land holdings. Preliminary exploration leading to eventual development and production will, therefore, receive serious attention and effort. Exploratory work in the usual copper and copper-nickel provinces is expected to continue at a relatively high level and the search for uranium is also attracting greater exploratory attention.

Two projects in Southeastern Alaska have received recent attention in the press. Inspiration Copper Company will continue its work on the copper-nickel deposits on Yakobi Island and the U.S. Borax Company has announced its intentions to drill for further information at its new discovery of molybdenite mineralization located on the mainland east of Ketchikan. In addition, Portland General Electric Company plans to continue examination of its coal leases in the Petersville area, and Placer-Amex, Inc., is continuing its market research and exploration in the Beluga River coal field.

The outlook for eventual development of Alaska's hard mineral potential is currently clouded by land status and ownership determinations, policy decisions, and the increasingly restrictive regulatory legislation based on determinations unrelated to mineral product supplies. Meanwhile, the domestic U.S. supply of mineral raw materials continues to shrink while the demand increases. Indications seem to point in the direction of eventual heavy demand for both the hard mineral and energy potential of Alaskan resource lands. Development may, furthermore, tend toward production and recovery systems combining both classes of mineral products to supply refined raw material feedstocks to the national economy. The potential for supplying basic raw materials are indicated by surface exposures and excellent geological conditions for mineral occurrence.

The growing oversubscription of West Coast power producing capacity can be expected to encourage an interest in the energy and resource potentials of Alaska. If present trends restricting new power generating capacity for West Coast markets persist, Alaskan energy may become essential to the economic and social health and well-being of that area.

VALUATION OF MINERAL PRODUCTION
IN ALASKA, 1971 AND 1975



Petroleum and Natural Gas

With the cancellation of the first OCS lease sale that was scheduled for December of 1975, the year ended on a note of uncertainty. While the Navy was beginning its exploration efforts on NPR-4, the oil industry and the State and Federal Government all spent 1975 in frantic preparation for a coming event that did not take place. On April 26, 1976 at the Anchorage Westward Hotel, the event occurred – "OCS sale number 39". Sometime in the fall of 1976 the first semi-submersible rig will arrive, and Yakutat will become a "petroleum support base". The rush for black gold is on and Alaska should expect increases in petroleum exploration and in the development of our continental shelves.

Production

The Cook Inlet oil fields continue to be the State's major producing fields. The average production rate has remained very stable over the last two years, recording a decline of less than 1.0 percent. The first quarter 1976 production figures have registered a slight increase of 0.9 percent over the comparable period last year, however, production figures for the first half are expected to record a decrease due to an explosion on one of the three McArthur River Field platforms in early April. This has caused the shutting-in of the platform's 30,000 barrel per day production until all repairs can be completed by sometime in July. The expected average production rates for the first half of 1976, and the percent change from 1975 are projected to be: crude oil – 183,704 barrels per day, a decline of 6.8 percent; gas – 787,059 MCF per day, a gain of 12.8 percent; and, natural gas liquids – 1,987 barrels per day, a decrease of 5.1 percent.

Development

Drilling permits issued for development wells continue to lead exploratory permits by a 3 to 1 ratio, with 30 development permits issued for the first 4½ months of 1976. This compares to 46 such permits issued for the entire year of 1975. Recently, permit applications have slowed, but the State has already issued 65 percent of the 1975 volume before mid-year.

Development in the Prudhoe Bay field has continued to be the main activity in the State with 21 permits already issued this year compared to 22 issued for all of 1975. Six drilling rigs remain active on development work with two working for BP Alaska, Inc., operator of the west half of the field, and four rigs active for ARCO, operator of the east half of the field. This activity should continue into 1977 as the operators prepare for production start-up of the field in anticipation of the pipeline completion scheduled for mid-1977.

Exploration

Exploratory drilling results will be presented differently from previous Performance Reports; only exploratory wells that started drilling or "spudded" in 1975 will be reported. This should result in a more meaningful indication of changes in activity levels and in industrial trends.

Exploratory drilling in 1975 was twice the level of 1974 activity. One deep stratigraphic and twenty four exploratory wells were spudded during the year as contrasted to only twelve wells spudded in 1974. The major increase in activity occurred on the North Slope where eight wells were spudded in 1974 and seventeen in 1975. Cook Inlet activity also increased from a 1974 level of three well starts to five in 1975. Standard Oil of California continued its exploratory drilling in the Kotzebue area for the Nana Corporation by drilling an 8,373 foot test near Cape Espenberg. This well was plugged and abandoned.

The Navy made a gas discovery on NPR-4, about nine miles east of the South Barrow Gas Field. One other natural gas discovery was made in 1975 by Cities Service Oil Company on a location 30 miles northwest of Anchorage. The well is currently shut-in. An oil find in an unexplored area of the Prudhoe Bay Field by Mobil Oil Company completes the discoveries for 1975. A success ratio of one discovery for eight wildcats is encouraging, considering the lack of new acreage available to the industry.

A September 1975, deep stratigraphic test in the Gulf of Alaska was unsuccessful, obtaining less than half of its objective at twice the cost. New stratigraphic tests are scheduled by industry for 1976 in the Cook Inlet and Kodiak OCS areas.

Kachemak Bay and the saga of the unlucky drill barge, George F. Ferris, continued to make headlines. As the State Legislature moved forward to exclude oil development from within the Bay, attempts to move the Ferris to another location resulted in yet another disaster. The Ferris, stuck in the mud of the Bay, has now been separated from its legs with little damage to the marine life in the area.

Geophysical activity continued to increase in 1975 as industry geared up for a "crash" federal OCS development program. Over twenty offshore seismic surveys were shot on Alaska's continental shelves and in the Cook Inlet Basin. This activity level is expected to continue, and may even increase through 1976 and 1977 in response to the currently accelerated federal leasing programs. The State has not announced a date for a Beaufort Sea lease sale but a sale could be held late in 1976 or early in 1977. A reorganization in the State Department of Natural Resources is underway to establish a comprehensive petroleum leasing and evaluation system.

President Ford signed a five-year contract with Husky Oil Company for the exploration of the Naval Petroleum Reserve No. 4 in November 1975. Husky, working under the Navy's guidance, has contracted with Geophysical Services Incorporated to shoot 1,800 miles of seismic line this winter season. Husky has also drilled a deep wildcat near Teshekpuk Lake in 1976. The test well is believed to be a dry hole. The Navy has until the summer of 1977 to discover oil on the NPR-4 — after next summer, the Department of the Interior will become the responsible management agency. The FEA is currently conducting studies to determine the best method for NPR-4 development after Interior has assumed responsibility.

Louisiana Land and Exploration Company, (LL & E), under a contract with Doyon, Ltd., spudded the first of four wildcat wells to be drilled in the Kandik Basin northeast of Fairbanks in 1976. LL & E is reported to have paid the Native Corporation an exploration bonus of $1 million and will be eligible to lease a considerable amount of acreage under the agreement Doyon was the last Native Corporation, with substantial potential oil land, to enter into an exploration agreement with industry. Although no oil discoveries have occurred on Native selected lands to date, the Natives will control much of the onshore potential oil land in the State (see State Division of Geological & Geophysical Surveys, Open File Report No. 50), and it is only a question of time before the discovery of the first pool.

Outer Continental Shelf Petroleum Development

Alaska's Outer Continental Shelf petroleum development finally began when OCS sale number 39 was held April 26, 1976 in Anchorage. Industry offered $572 million for selected tracts located between Kayak Island and Icy Bay. High bids were concentrated on the "Icy Bay Anticline" and on eight or so other structures located in the lease area. Shell Oil Company and Atlantic Richfield Company were the big winners in the sale, spending over $250 million for tracts. The State of Alaska has claimed ownership of 21 tracts along the edge of the three-mile territorial limit in the sale area, but none of these tracts received high bids in the sale.

The OCS sale has introduced a new era to Alaskan exploratory drilling. Sometime in August or September of this year, the first semi-submersible drilling rig will arrive in Alaskan waters. The SEDCO 706, presently under construction for Shell, Arco, and Mobil in San Francisco, is a mammoth, self-propelled drilling rig capable of operating in the stormy seas of the Alaskan OCS. With the initial exploratory drilling operations estimated to cost $100,000 a day for each rig, capital investment in the development of Alaska's petroleum will increase rapidly. World Oil has estimated that the industry will need $955 billion dollars in capital investment for worldwide operation in the next ten years. We anticipate that a respectable share of that investment will accrue to the development of Alaska's resources.

Preparations are underway for the next Gulf of Alaska OCS sale scheduled for December 1976, in the Kodiak area. The Department of the Interior, Bureau of Land Management (BLM), has selected 564 tracts totaling 3.2 million acres for intensive environmental analysis. The federal OCS lease schedule for Alaska, now under review by Interior Secretary Thomas Kleppe, may result in spreading out the timing schedule for the remaining eight sales. An OCS sale in the Lower Cook Inlet is also expected in 1977 since BLM is well into its planning process for this area. The BLM has also moved its leasing process forward in the Bering Sea by selecting 299 tracts totaling nearly 1.7 million acres for environmental impact analysis. This future OCS lease sale is located in the St. George Basin near the Pribilof Islands and is tentatively scheduled for March 1977.

The OCS sale of April 26th marked Alaska's entry into a new era of petroleum development. With the arrival of the SEDCO 706 in Alaskan waters this fall, exploration will begin on our nation's last frontier. The presumable risks are high, but the potential for success, equally as great, would enhance our nation's ability to manage its energy demands. The State is working to protect our renewable resources and is also trying to insure as much benefit and as little harm as possible for Alaskans from this new "black gold" rush.

The Alaska Royalty Oil & Gas Advisory Board

The Alaska Royalty Oil & Gas Advisory Board has completed one year of operation, and has established at least one nationwide precedent. The Board has approved and submitted to the Legislature a proposed sale of royalty gas from the North Cook Inlet Gas Field to the Alaska Pipeline Company. If the sale is approved, this will be the first time a state has taken its royalty gas in-kind. Alaska Pipeline Company is a subsidiary of Alaska Interstate Company, the major supplier of natural gas to the greater Anchorage market through another corporate division, the Alaska Gas and Service Company.

The Royalty Board took this action after the Anchorage Gas Company demonstrated a need for additional gas supplies for the public market. The State has also announced that it intends to take future royalty gas in-kind from the Prudhoe Bay Field and has offered the surplus Prudhoe Bay gas for sale to companies who meet certain criteria. The Board has also initiated an ongoing study of present and future oil and natural gas demand for the State of Alaska.

The various routes proposed for the Prudhoe Bay Gas Pipeline has been a major issue in 1975 and continues to cause controversy as the time for FPC certification approaches. The State of Alaska has endorsed the all Alaska route for the gas line – El Paso's Prudhoe Bay to tidewater route. The recent proposal by Northwest Pipeline Corporation of Salt Lake City, to pipe the gas along the Alcan Highway and tie into the Alberta Gas Trunkline, has added a third alternative. A sale of surplus royalty gas from future Prudhoe Bay production has not been accomplished at this time, but the Royalty Board continues negotiation with Tennessee Gas Transmission Company, El Paso Natural Gas Company, Southern Natural Gas Company, and United Gas Transmission Company for a possible sale. Governor Hammond has stated that a sale of the gas is contingent upon full protection of all future in-state use of the gas. As little as possible of the resource will be sold in order to gain necessary policy options and to insure a sale "which is a wise and proper precedent for the future in this complex area". The future of the gas pipeline will depend on many factors, but the importance to Alaska of an Alaskan route is unquestionable. The Alaskan Prudhoe Bay Natural Gas Pipeline along with OCS development will be the major oil and gas issues of interest during 1976.

Fisheries

Preliminary figures put the statewide harvest of all species in 1975 at about 460 million pounds. In total, this volume is nearly identical to the production experienced the year before when 464 million pounds of fish and shellfish were landed. However, due to a somewhat different product mix and generally higher prices, the wholesale value of all fisheries production increased from $254 million in 1974 to about $292 million in 1975. This approaches the record return of $308 million reported in 1973.

Salmon Harvest – 1975

Statewide salmon harvests reached a peak in 1936 when 126 million fish were taken and steadily diminished until 1959 when production reached a level of 25 million. During the 1960's, average harvests improved to just over 50 million fish per year, but production dropped to 32 million fish in 1972, 22 million in 1973 and 1974, and rose to 26 million last year. Poor salmon returns experienced in most areas during the past four years are due to abnormally high mortalities of juvenile salmon spawned or reared during the severe winters of 1970-71 and 1971-72. However, this short-term environmental setback has only served to compound the impact of a more basic long-term decline which has been occurring for more than thirty years.

Statewide harvest figures do not accurately represent local conditions. In particular, poor harvests occurred last year in the Alaska Peninsula, Kodiak, and Southeastern areas. However, comparatively good red salmon returns were recorded in Bristol Bay. Above average harvests of pink salmon were achieved in Cook Inlet and Prince William Sound, and record numbers of chum salmon were taken in the Arctic-Yukon-Kuskokwim Region. A more detailed review of the 1975 season and forecasts for 1976 can be found in Informational Leaflet No. 169 – "A Summary of Preliminary 1976 Forecasts for Alaskan Salmon Fisheries", available from the Alaska Department of Fish and Game, Subport Building, Juneau 99801.

The recent decline in Southeastern Alaska salmon catches has substantially reduced incomes of fishermen and processing plant employees. An estimated 4,280 Southeastern Alaska residents earn some income from fishing and according to Alaska Department of Labor figures, peak plant employment in August 1974 amounted to 1,768 persons.

The total value of salmon caught by Southeastern fishermen was reported by the Department of Fish and Game as $30.8 million in 1973 and $28.7 million in 1974. However, as catches decline, vessel operating costs take a larger part of the amount received and the individual fisherman accrues less. Gross income accruing to individual salmon fishermen after deducting costs of vessel operation is roughly estimated to have totaled $13.6 million in 1973 and $7.8 million in 1974 and $900,000 last year. If present forecasts are accurate, returns may be even poorer in 1976.

Salmon Production and Marketing

Preliminary figures compiled by the Alaska Department of Fish and Game place canned salmon production in 1975 at an equivalent of about 1.2 million 48-1 pound (standard) cases. This compares with 1.3 million cases packed in 1974 and an average of 2.1 million during the last five years. Frozen and cured production totaled an estimated 43 million pounds in 1975, compared with about the same amount the year before and about 50 million pounds in 1973. The wholesale value of all salmon products produced in 1975 is put at $131 million.

The entire U.S. pack of canned salmon in 1975 was reported by the National Marine Fisheries Service at 1.5 million cases, down from 1.9 million the year before. However, total supplies and consumption were somewhat higher.

SUPPLIES AND UTILIZATION OF CANNED SALMON
1965-1975
(In Thousands of Standard Cases)

	Supplies	Utilization		
			Apparent Consumption	
Year	Beginning Stocks	Total	Total	Per Capita*
1965	3,349	6,985	3,705	0.919
1966	2,761	7,131	3,248	.797
1967	3,456	5,531	3,016	.733
1968	2,087	5,638	2,773	.668
1969	2,746	5,343	2 856	.681
1970	2,163	6,036	3,036	.715
1971	2,650	6,075	2,997	.698
1972	2,699	4,714	2,762	.637
1973	1,508	3,107	1,813	.415
1974	941	2,993	1,152	.262
1975[P]	1,668	3,217	1,394	.314

P = Preliminary
* In pounds

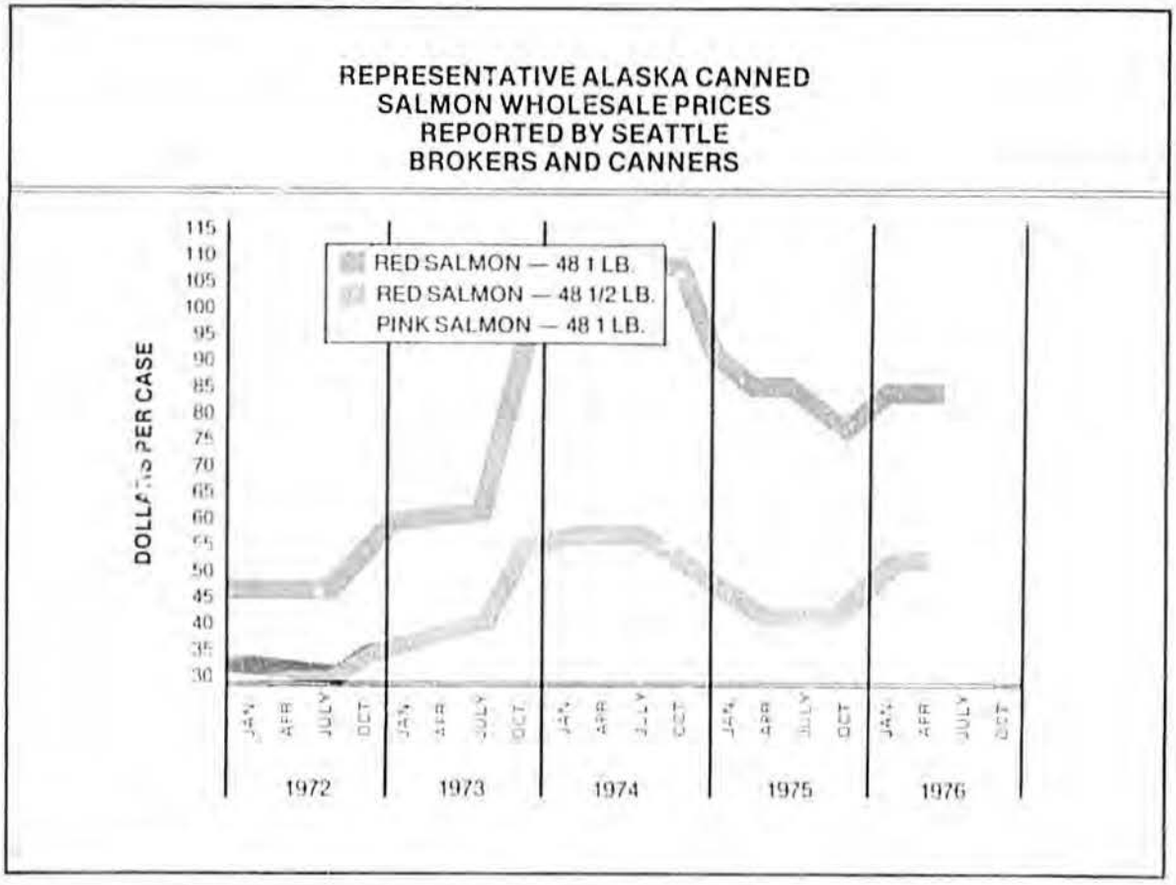
Source: National Marine Fisheries Service, Food Fish Market Review and Outlook, March 1976.

Salmon Outlook

Supplies since 1972 have been about one-half of the volume available prior to that time. Sales in 1974 were limited by short supplies and very high market prices. Increased consumption last year reflects a better supply situtation and lower prices. On January 1, 1976, slightly more than one million standard cases were in inventory and by the 1st of February this had been reduced to 870,000 cases. In 1975, the pack of pinks increased slightly over the year before, however, chum production was down about 65 percent. Canners also packed many more reds in 1-pound cans than the year before. By January, inventories of all species and can sizes were extremely low except for 1-pound cans of reds and pinks. Market prices moved according to changes in supply. Prices of reds and chums declined in the first half of the year when stocks were high and began improving as inventories were drawn down and the new pack was brought in during August. Largest gains were seen in the smaller can sizes. Reflecting a better supply situation, the price of pinks in 1-pound cans remained steady.

The Alaska Department of Fish and Game has predicted a most likely total catch of all species this year of 37 million salmon. However, the probable harvest ranges from a low of 26.3 million fish to a high of 47.9 million. Harvests of pink salmon around Kodiak and pinks and chums in the Prince William Sound area are expected to be substantially above the 1960-74 even year averages. However, the pink catch in Southeastern, which has averaged over 13 million fish during even years since 1960, is forecast to total a nominal 200,000 in 1976.

In Bristol Bay, the red salmon catch has averaged about 7.9 million fish over the past 15 years and is predicted to total about 5.7 million this year – the best since 1971. This forecast takes into account an estimated harvest by Japanese fleets in 1976 of 824,000 Bristol Bay red salmon. However, if the Japanese continue to voluntarily limit harvests as apparently occurred during 1974 and 1975, the estimated high seas harvest could be as low as 281,000 fish and the inshore harvest would accordingly be increased.



Because new supplies of canned salmon will not enter the market until August or September, wholesale prices may increase further and inventory carryovers will be very small.

In line with passage in 1974 of legislation which provides for the development of private nonprofit salmon hatcheries in Alaska, the Legislature this year established a loan fund to support private hatchery operations and guidelines for the organization of regional associations to institute or coordinate private hatchery development on a local level. The concept of regional organization is patterned after the Prince William Sound Aquaculture corporation which represents fishermen, processors, Native groups and other resource users in the Cordova area. This organization has undertaken a substantial hatchery development on Evan's Island.

In order to deal more effectively with fishery failures such as have occurred in various areas of the State over the past few years, the Legislature also established this year a permanent commission which will become active if such disasters again occur and will act to focus State assistance to affected individuals and businesses.

FORECAST OF COMMERCIAL SALMON HARVESTS IN 1976 COMPARED WITH RECENT 15 YEAR AVERAGE HARVESTS
(Number of Fish in Thousands)

Region	Species					
	King	Red	Silver	Pink	Chum	Total
[illegible]						
Forecast	300	600	1,100	200	1,000	3,200
Recent 15 Year Average	298	788	1,073	13,316 *	1,883	17,358
[illegible] **						
Forecast	40	2,200	400	16,500	3,400	22,540
Recent 15 Year Average	27	3,428	504	15,830 *	2,568	22,357
[illegible] #						
Forecast	150	6,000	200	2,800	2,200	11,350
Recent 15 Year Average	224	8,139	132	1,145 *	1,236	10,876

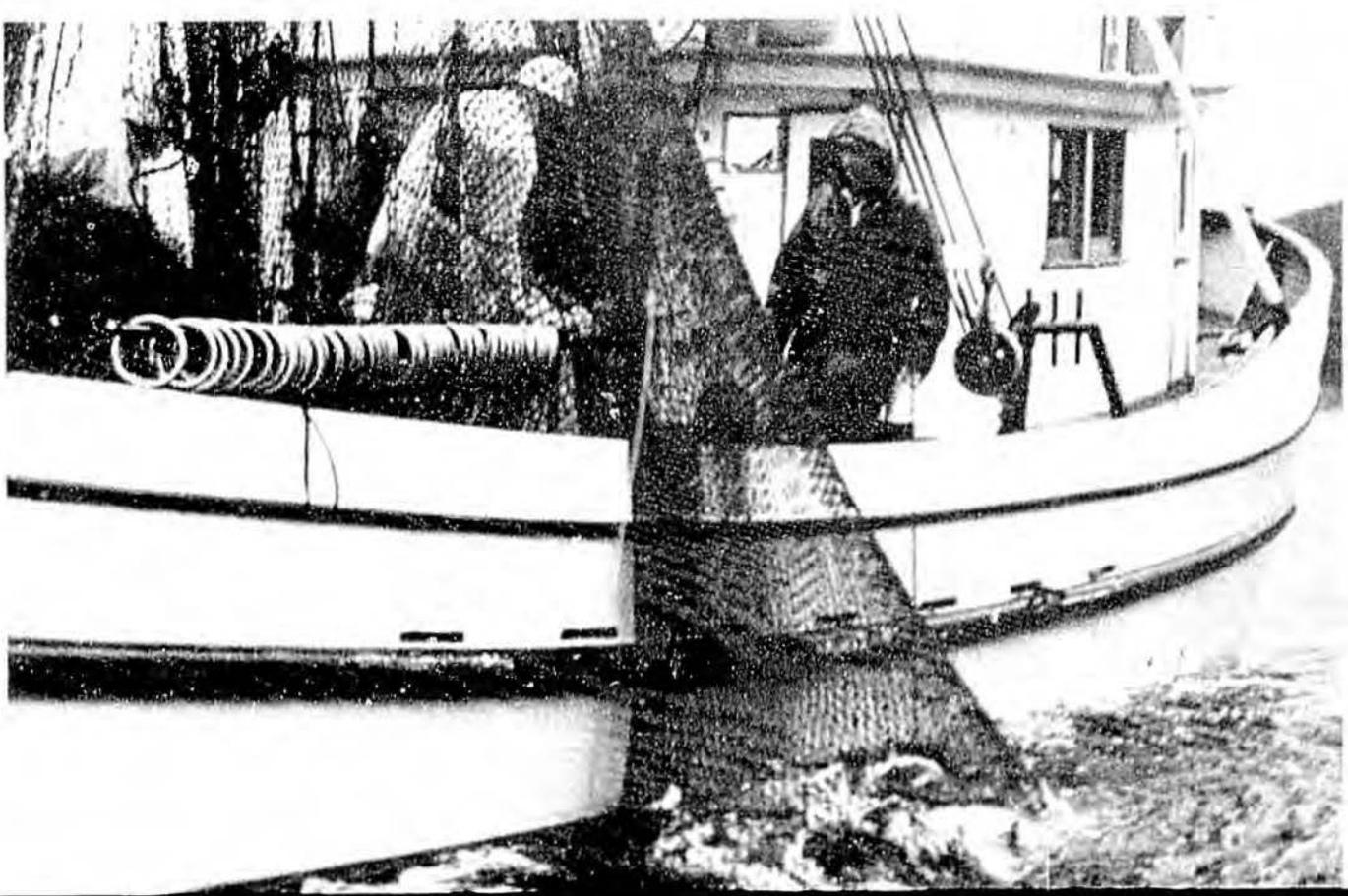
* Pink Salmon average catch during even years

** Prince William Sound to South Side Alaska Peninsula

North Side Alaska Peninsula to Kotzebue

Note: Forecasts above represent a compilation of specific predictions based on biological input, mathematical modeling, and recent harvest trends

Source: "A Summary of Preliminary 1976 Forecasts for Alaska Salmon Fisheries," Alaska Department of Fish and Game, and other publications



King Crab

According to preliminary figures, 100.1 million pounds of king crab were harvested statewide in 1975 compared to 95.4 million in 1974, and 76.8 million in 1973. Price disputes delayed the start of fishing by more than a month last year. By the end of September, only 19 million pounds had been harvested compared to 65 million at the same time in 1974. Landings through April 30 this year totaled 4.7 million pounds.

In 1973, fishermen delivering at Kodiak received prices which ranged from 54 to 85 cents per pound. Due to a buildup of unsold inventory, prices were severely reduced in 1974 to about 35 cents. Last year minimum prices of 45 cents were negotiated at Kodiak and 38 cents in the Aleutians. However, during the season prices at Kodiak advanced to more than 75 cents.

By September 30, 1975, before new supplies became available, king crab inventories in the U.S. had been reduced to 3.9 million pounds, which was only about 40 percent of the amount being held the year before. Preliminary figures for holdings as of April 30 this year were reported by the National Marine Fisheries Service to total 5.7 million pounds of meat and 7.7 million pounds of shellstock.

Compared to prior years, present inventories are very high. In 1975, 10.5 million pounds of all king crab products were in inventory and in 1974 this total amounted to 7.4 million pounds. If consumption does not improve before August, when the fishing season opens in most areas, prices to the fishermen may be adversely affected.

Wholesale prices of frozen crab meat in Chicago and New York markets reached a high of $5.65 per pound in 1973. During 1974 prices fell sharply and at one time, quotes below $3.00 per pound were given. In 1975, prices increased gradually and by December were reported at $3.50 - $3.85 per pound (6/5-lb. blocks) in Seattle. By May, this year, the price of meat in Seattle was up to $4.25 - $4.35 and sections were being sold at $2.25 - $2.75.

The wholesale value of all king crab production in Alaska during 1974 was placed at $48 million by the Department of Fish and Game. Preliminary figures put the value in 1975 at about $86 million. Considering that production was similar both years, the economic impact of varying market conditions is quite evident – with basically the same catch, king crab fishermen received almost twice the dollar amount in 1975 as in 1974.

Snow (Tanner) Crab

Snow crab harvests in 1975 totaled about 46 million pounds compared to 64 million pounds in 1974 and 61 million in 1973. Production was sharply curtailed early last year due to poor market conditions, especially in Japan. However, due to recently improved demand, production has returned to normal. Landings through April this year are reported at 56.5 million pounds compared to 15.9 million during the same time period in 1975 and 48.1 million in 1974.

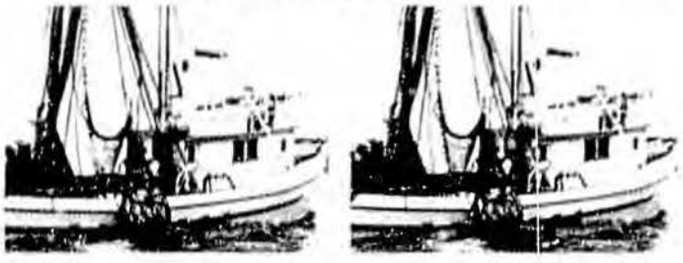
Prices to the fishermen at Kodiak held at about 20 cents per pound through most of 1974, but fell to about 10 cents in November of that year when most fishing got underway. By November 1975, prices were back up to 20 cents per pound and some sales this year (during April and May) were reportedly bringing as much as 22 cents per pound.

U.S. inventories of all snow crab products on April 30, 1976, were reported at 5.9 million pounds compared to about 5 million pounds a year earlier. Frozen meat (6/5-lb. blocks) was being sold by Seattle wholesale dealers this May for $2.95 - $3.25 per pound. By comparison, quotes of $1.90 - $2.30 were being given last spring.

Shrimp

According to preliminary figures, 99 million pounds of shrimp were landed in 1975 compared to 109 million pounds in 1974 and 120 million pounds in 1973. By the end of April, 28.9 million pounds had been landed compared to 22.8 million pounds at the same time a year earlier.

Generally, short supplies of shrimp worldwide and strong demand accounted for recent price increases in Alaska. During 1975, prices started at nine cents a pound in Kodiak until May then declined to about seven cents for the remainder of the year. Some advances were reported in January of this year and by late April when production began to pick up, prices had increased to ten cents a pound.



Frozen Alaska shrimp meat packed in five pound tins was being wholesaled in Seattle during May for $1.65 - $1.75 per pound. This compares to a price of $1.45 - $1.65 being reported at the same time a year earlier and $2.20 in 1974.

There are early indications that some stocks in the Kodiak area are being over-harvested and landings this year should continue to be lower than experienced in 1973.

The wholesale value of all shrimp processed in Alaska in 1975 was about $25 million. This value was estimated to be $24.3 million in 1974 and $26.5 million in 1973.

Halibut

The International North Pacific Halibut Commission has set a 25 million pound quota for halibut in 1976, continuing the same level of harvest established last year. Halibut are caught primarily off the Alaska Coast by U.S. and Canadian vessels. In 1974, 77 percent of the total catch was delivered into Alaska ports and 65 percent of the total was delivered by U.S. vessels. The total harvest amounted to 21 million pounds in 1974, 30 million in 1973 and 43 million in 1972.

Improved catches per unit of effort noted last year indicate that stocks are responding to strict catch controls and apparently reduced incidental catches in the foreign trawl fishery.

Ex-vessel prices which opened for mediums at 70 - 75 cents last spring increased to over $1.00 per pound by the end of the season in September. Prices are not yet being widely reported this spring. However, indications are that they will be higher than last year. In 1974, production statewide was valued at about $11.5 million at wholesale. Preliminary figures put the 1975 total at about $19 million.

Groundfish

With the recent passage of The Fishing Conservation and Management Act of 1976 (Public Law 94 264) the United States established an exclusive fisheries conservation and management zone of 200 nautical miles and assumed management authority over anadromous fish (salmon) spawned in U.S. waters throughout the migratory range of such species. Enforcement of U.S. management plans to be developed by Regional Management Councils, created by the Act, will be initiated March 1, 1977. This law will be effective only until a comprehensive Law of the Sea Treaty signed by the United States goes into effect.

Mentioned in the Act is a clause which specifies that one of the purposes of the law is to develop U.S. capabilities to harvest underutilized fishery resources, particularly the bottomfishery around Alaska. Foreign trawl fleets, particularly those from Japan and the U.S.S.R., harvested an estimated 4.3 BILLION pounds of pollock, herring, Pacific Ocean perch and other bottom and pelagic fish in the Bering Sea and Gulf of Alaska in 1975. These fisheries may be worth an estimated $300 - $400 million dollars per year, to the fishermen alone.

The United States has essentially no domestic groundfishery in Alaska and under U.S. jurisdiction and stock management, foreign fisheries will be allowed to continue. However, when U.S. industry is able to undertake production, preferential allocations will probably be granted.

Groundfish production has not been undertaken because of economic risk in the face of competition with good quality, low cost imports from Japan, Iceland, Denmark, Canada and Norway. However, many plants and vessels working in the Alaska crab, shrimp and purse seine fisheries are, with the addition of some new gear and equipment, capable of groundfish production.

The Alaska Department of Commerce and Economic Development has undertaken a program to provide limited support of domestic groundfish production. The Department will select two qualified firms to negotiate a contract whereby the operator will be reimbursed for groundfish products sold at less than cost up to the limit of appropriated funds or about $150,000 each. Detailed production and marketing records will be maintained by the contractor and publicly reported in order to provide fishermen and processors throughout the State with good information on which similar operations can be based.

Extended fisheries jurisdiction will demand a higher level of enforcement and marine research in order to establish and maintain management and control of fishing activities in the 200 mile zone. These responsibilities will be assumed by the U.S. Coast Guard and National Marine Fisheries Service and will probably require the acquisition of new vessels and eventual expansion of existing staff and facilities.

Forest Products

During 1975 the Alaskan forest products industry harvested approximately 468,650,000 board feet of timber, valued at approximately $5.1 million.

Comparison of the 1975 harvest volume and value data with that from 1974 indicates that 1975 was a very poor year for the Alaska forest products industry. Between 1974 and 1975, the volume and value of all the wood harvested from lands in Alaska declined by 26 percent and 34 percent respectively. The volume harvested in 1975 was less than the volume harvested in each of the preceding ten years.

VOLUME AND VALUE OF TREES HARVESTED IN 1974 AND 1975

	Volume (Thousands of Bd. Ft.)		Value (Dollars)	
	1975	1974	1975	1974
U.S. Forest Service	413,000	549,600	3,370,000	5,841,300
State of Alaska	33,500	51,200	430,500	376,500
Bureau of Land Management	900	25	12,500	300
Bureau of Indian Affairs	50	12,100	3,000	588,400
Private*	21,200	17,500	1,272,000	851,000
	468,650	630,425	5,088,000	7,657,500

Source: Respective owners or administrative agencies.

*The volume harvested from private lands was estimated from round log export data compiled by the U.S. Department of Commerce. The wood is assumed to have a price which is equivalent to the price paid for wood harvested from lands administered by the B.I.A.

Since a majority of the timber harvested from lands within Alaska is converted into dissolving pulp for Japanese and American cellophane and rayon fiber markets and lumber for the Japanese construction industry, the decline can be "explained" by reduction in the level of economic activity in Japan and United States during 1975 and late 1974. As the level of general economic activity declined and as final product producers attempted to reduce their inventories of wood pulp and lumber, the demand for Alaskan forest products declined.

The most significant absolute decline in harvest activity, as measured by volume, was experienced on lands administered by the U.S. Forest Service, primarily because Forest Service timber is almost exclusively channeled to foreign and lower-48 markets.

While the harvest from B.I.A. administered lands also declined, this decline was primarily a function of a very limited supply of timber administered by the B.I.A.

The commercial harvest from lands administered by the B.L.M. has been decidely affected by the construction of the trans-Alaska oil pipeline, the Alaska Native Land Claims Settlement Act (ANCSA), and the Alaska Statehood Act. The 1975 B.L.M. harvest was almost exclusively from lands within the pipeline right-of-way, and while the figures represent the volume and price of wood harvested from lands supporting what are classified as commercial stands, the fact that most of the trees were not converted into usable wood products (they were either burned or buried) is a clear indication that the stands were, in fact, noncommercial. Conversely, the figures are deficient in that they do not include wood harvested under the B.L.M. free-use permit program. The free-use permit program allows individuals, free of charge, to harvest trees to be used as fire wood or for home building purposes. This program provides for the conversion of a significant volume of timber into usable wood products.

Furthermore, B.L.M. timber sales from lands which have been nominated for selection by the Native village and regional corporations and from the D-2 lands selected by the Secretary of the Interior, as specified by the ANCSA, have been almost entirely eliminated; timber sales from these lands must be approved by the appropriate Native corporation or the federal agency which is expected to administer the D-2 lands. The Alaska Statehood Act empowered the State of Alaska to select and receive title to approximately 104 million acres of land; the State has selected much of the commercial, accessible timber lands formally administered by the B.L.M. further diminishing the cut from B.L.M.-administered lands.

While the volume of timber sold from State lands has declined, due to the same external market factors affecting the Alaska forest products industry as a whole, the value of the harvest has increased, especially in the pipeline impacted Southcentral and Northcentral regions.

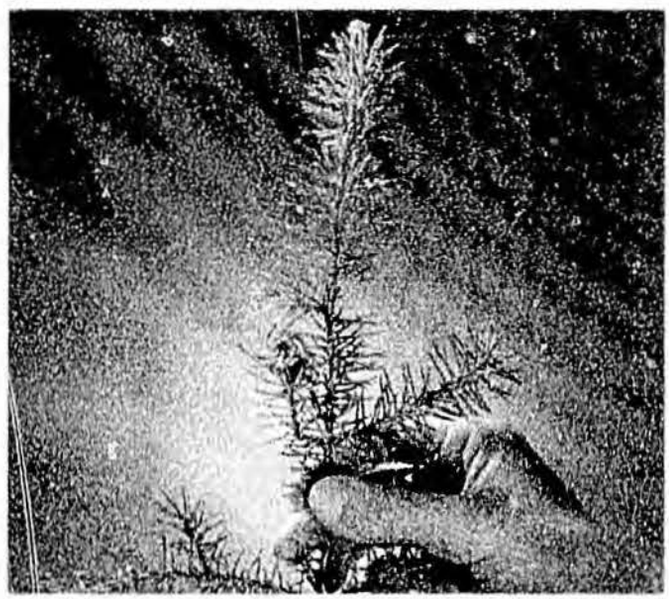
The volume and value classified as private has been growing, especially as title to portions of the federal domain is prepared for transfer to the Native village and regional corporations. Presently, figures regarding trees harvested from lands for which title has been nominated or selected by but not yet transferred to Native corporations are included in the "private" category.

Preliminary indications, such as, growth in exports to Japan, increases in both the Japanese and American GNP, etc., suggest that compared to 1975, a significantly larger volume of timber will be harvested from Alaska lands during 1976.

During the first six months of 1976 an Anchorage federal court ruled that some of the terms of U.S. Forest Service timber sale contracts violated the Organic Act of 1897 and the Ketchikan Pulp Company announced that it intended to cease operating

its pulp mill by July 1977. Both incidents could affect a significant number of forest products industry jobs in Southeastern Alaska. In the first situation, ZIESKE VS. BUTZ, a Fourth District Court judge permanently enjoined the U.S. Forest Service from selling trees that are not dead, large or physiologically mature on the northern tip of Prince of Wales Island. In a publication, TIMBER AND FISHING IN SOUTHEASTERN ALASKA: CURRENT CHALLENGES TO FULL EMPLOYMENT, the Department of Commerce and Economic Development estimated the number of jobs which might be affected if the injunction were applied throughout Southeastern Alaska. The revised estimates are that approximately 4,125 jobs, which received compensation amounting to $72,000,000 in 1974, might be affected.

In the second situation, Ketchikan Pulp Company indicated that it planned to cease operating because of its inability to satisfy U.S. Environmental Protection Agency's effluent discharge regulations. Estimates of the number of jobs, and their wages and salaries, eliminated due to the mills closure are 1,230 and $27,000,000.



International Trade

The foreign trade sector provides a good indication of the performance of a substantial portion of the natural resourced based industries in Alaska. Most of the output of the forest products industry is exported to foreign markets with the exception of approximately 80 percent of the production from the pulp mill located in Ketchikan which is shipped to the "lower 48". There is some additional output from this industry which is consumed within the State, but it is negligible at this time.

Included in the foreign trade sector is export data on products produced by the petrochemical industry, located on the Kenai Peninsula. Care should be exercised in using the data in that these figures do not represent the total output of this industry. A large portion of production is shipped to the lower 48 states. The data also does not account for in-state petroleum refining or crude petroleum shipments to West Coast ports.

Published data on exports of fisheries products grossly understate the actual amount of Alaska fisheries products which are actually sold outside the U.S. since the bulk of seafood taken commercially from Alaskan waters is shipped to Seattle and then exported. Therefore, export statistics from the fishing sector are omitted in this section.

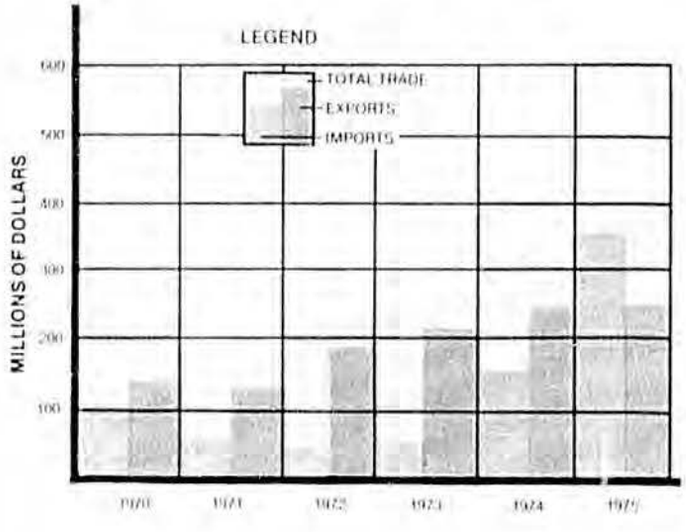
Exports of major Alaskan products have shown moderate increases in real growth since 1970. The forest products industry, which has been severely hampered by the recent worldwide recession, demonstrated the least growth. Log and timber exports increased 16 percent from 412.1 million board feet in 1970 to a period high of 478 million board feet in 1973. Since 1973 it has declined steadily and the estimate for 1975 is 343 million board feet or nearly 17 percent below the 1970 level and 28 percent below the period high. During the corresponding time period average unit price for all commodities in this category increased from $88/M.B.F. in 1970 to $225/M.B.F. in 1975. The most dramatic annual increase occurred in 1973 when it jumped 84 percent to $210/M.B.F.

Pulp exports showed little gain and as mills neared capacity, exports peaked during 1972 at 203.2 thousands short tons, 7.4 percent above the 1970 level. The recent recession has drastically affected the pulp industry with 1975 exports 27 percent below the 1970 level and over 29 percent below the period high of 1972. Price levels have shown dramatic increases, from $152/ton in 1970 to $383/ton in 1975, a gain of 152 percent. The largest annual increase occurred in 1974 when the price rose 72 percent to reach $347/ton. Alaska pulp is used in the manufacture of synthetic fiber, and these fibers are substitutes for some petroleum based products. The oil embargo of late 1973 and early 1974, coupled with the large price jumps in oil, encouraged the users of petrochemical fibers to seek substitutes resulting in the substantial increase in the price of Alaska pulp in 1974.

Natural gas exports have demonstrated strong growth in recent years, increasing 23 percent from 1970 to the period high of more than 52 billion cubic feet of gas exported in 1974. During 1975 exports declined 11 percent to over 47 billion cubic feet. The export price of natural gas remained rather stable, ranging from $.52 to $.57/M.C.F. through 1973. During 1974 the price increased to $.71/M.C.F., then nearly doubled to $1.33/M.C.F. in 1975, reflecting higher market prices for natural gas.

Urea and ammonia exports also rose sharply. Urea exports increased 50 thousand tons in 1970 to 139 thousand tons in 1974, then declined slightly by one percent, in 1975 to 138 thousand tons. Ammonia product exports increased 35 percent to reach 42 thousand tons in 1975 compared to 1970. At the same time that the volume of urea exports showed sizable gains, prices more than doubled, reaching $177/ton in 1974. Prices continued to advance through 1975, averaging $231/ton for an annual increase of 31 percent. Ammonia price movements paralleled urea prices, increasing 278 percent to $121/ton in 1974 and an additional 8.3 percent to $131/ton in 1975.

ALASKA'S INTERNATIONAL TRADE
1970 — 1975



Japan is by far the largest foreign trade partner of Alaska. Since there are large Japanese investments in the Alaskan timber industry and one petrochemical plant, that nation receives the majority of these exports. Between 1970 and 1975 Japan accounted for approximately 72 to 87 percent of the value of all goods exported from Alaska. Canada was the next largest trading partner until recent years when purchases of Alaskan petrochemical products by India and other Asian nations rose substantially.

During the first quarter of 1976, Alaskan exports have shown erratic movements. Compared to the first quarter of 1975, logs and lumber decreased 17 percent while the average unit price for all products in this category declined 11 percent. Pulp exports showed a substantial increase, 66 percent, while the unit price declined two percent. The large increase in pulp exports probably is due to the textile industry's desire to substitute relatively low cost wood fibers for petrochemical fibers. The decrease in logs and lumber reflects the slow recovery of the Japanese economy.

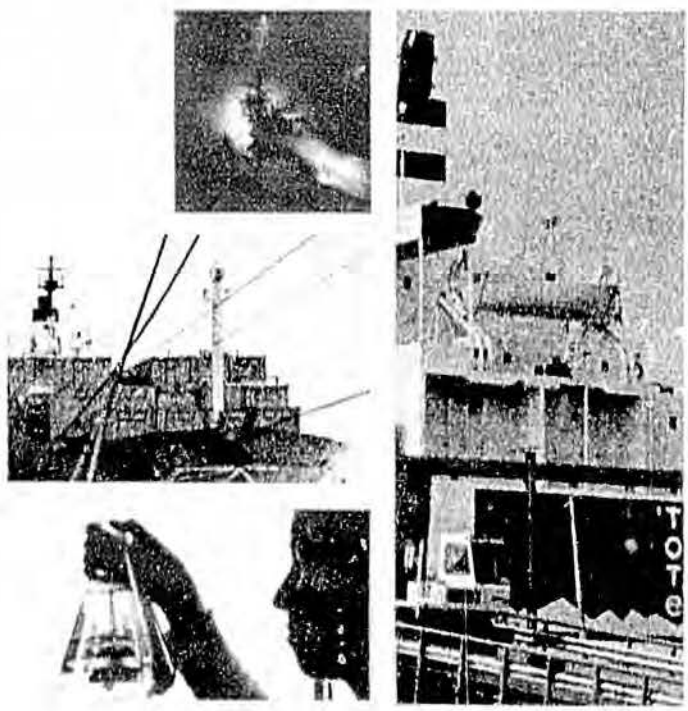
The petrochemical sector has demonstrated mixed changes in exports during the first three months of 1976. Natural gas exports increased 38 percent while the unit price increased 52 percent over the respective time period in 1975. This is reflective of the continuing need for energy resources by Japan to whom the majority of natural gas is exported. Urea exports declined slightly, three percent, while the unit price declined drastically, 61 percent. Urea prices have fluctuated greatly during the past three years. In the first quarter of 1974, the unit price for urea averaged $84/ton, increasing 237 percent to a record high of $283/ton during the first quarter of 1975. In the latter half of 1975, prices decreased to the first quarter 1976 level for an average unit price of $109/ton. The unit prices for ammonia products demonstrated a similar trend, i.e., $56/ton in 1974, $148/ton in 1975 and $71/ton in the first quarter of 1976. While the unit price of ammonia products declined 52 percent in this year's first quarter compared to the respective time period in 1975, the volume of exports increased 81 percent during this same period.

During the remainder of 1976 there should be some improvement within the export sector. The U.S. economy continues to show signs of advancement and Japan's recovery appears to have started. Although this should provide further stimulus, some export commodities, especially logs and lumber products could suffer from a lagged affect until the recovery is in a more advanced stage.

The total value of imports can be directly tied to the activity of the trans-Alaska oil pipeline. In 1970, when pipeline construction appeared assured, imports totaled $107 million with $42 million in steel pipe being the major commodity. In 1971, imports declined 50 percent to nearly $54 million as the result of litigation concerning pipeline routing. The litigation continued through 1973 and imports remained between $45 and $50 million annually. As pipeline construction began in the spring of 1974, imports increased dramatically rising to $176 million in 1974 with jet fuel and construction materials being the major commodities. During 1975 imports doubled to reach $351.7 million, with jet fuel, steel pipe, and other pipeline construction articles accounting for the greatest portions of the increase.

During the early 1970's Japan contributed over half of Alaska's imports, mainly steel for pipeline construction. Once construction started Japan's share of imports declined and Canada contributed increasing amounts of steel products and other construction materials. The only other commodity showing a large increase was jet fuel, which increased from $6.6 million in 1970 to $63.1 million in 1975.

Imports to Alaska during the first quarter of 1976 declined 58 percent to $38.6 million. Imports from Japan totaled $16.4 million which consisted mainly of steel products and pipe while the Canadian exports to Alaska, consisting primarily of construction materials, totaled $9.5 million. Since most major purchases of pipeline construction materials appear to have been completed, total imports to Alaska in 1976 should show a marked reduction in dollar volume.



Tourism

Tourism in Alaska is not a new industry. As early as the late 1890's travel to Alaska for the purpose of pleasure began to take place. Yet after 80 years the tourism industry is only beginning to develop toward economic maturity in this State.

Alaska tourism is a "touring" industry rather than a "vacation" industry. Alaska package tour promotions began as a 5,000 mile grand tour covering the width and breadth of the largest State of the United States in the late 1940's. This original pattern is still the most popular method of Alaska visitation, rather than a week or two vacation in one particular location. Because the original tourism promotion programs in Alaska were a result of the efforts of surface and air transportation companies, the "touring" trend has endured and only recently is the beginning of a true Alaska vacation market being developed. This latter trend is the result of the growing "all-air" market and resort facility developments.

Tourism is an important basic industry contributing directly and indirectly to almost every sector of the Alaska economy. While the amount of the "new dollars" (i.e., dollars from outside the State and spent in Alaska) generated by the tourist industry is difficult to determine, there has, however, been a general upward trend in tourist expenditures during the last decade as a result of increased cost, rising disposable income, increases in leisure time, and improvements in transportation which have shortened travel time to and from Alaska. The heterogeneous structure of the industry makes current detailed information on the impact of tourism in Alaska difficult to determine, but estimates indicate that the 1976 contribution of tourism should reach approximately $100 million with an employment level of 8,000 persons.

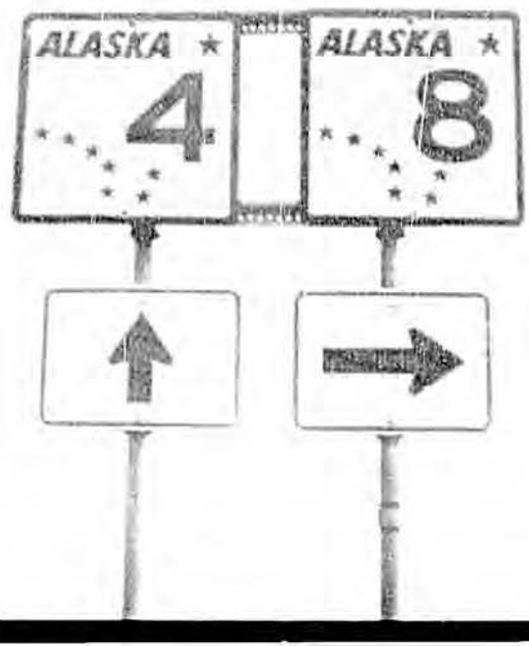
Preliminary 1976 information indicates a moderate annual increase in travelers, estimated to reach nearly 300,000. This is a slight decline from the historical 15 percent annual average growth rate. The slowing in the growth rate is generally considered a product of adverse publicity, rising inflation, and crowded conditions associated with pipeline construction; high unemployment in major domestic and foreign economies; the dramatic increase in the cost of transportation to and within Alaska; and the bicentennial attractions which are drawing numerous vacationers to the eastern seaboard this year.

In addition to the total dollar amount of tourist expenditures, other benefits are derived from the existence of the industry. One such benefit is the tax revenues generated by tourist expenditures, estimated at $18 million for State Government, which aid the State and local governments in funding general community and statewide services and improvements for the general welfare of the public. Another area of benefit is the increased transportation and recreational opportunities available to residents as a result of the growing demand of vacation traffic.

Cruiseship Tourism

It is anticipated that there will be more than 130 cruises to Southeast Alaska waters this coming season, more than the State has experienced in any previous year. The cruiseship market has grown rapidly in recent years. For example, the visitor count of cruiseship tourism into Southeast Alaska waters is estimated to have been 27,800 in 1973, 44,000 in 1974, and 48,000 in 1975, resulting in a 73 percent gain in visitors since 1972. This increase is due to the rapidly increasing availability of cruiseship space and the increasing interest and rising popularity, nationwide, of cruising to Alaska. Short trip cruises from Vancouver, B.C., to Alaska waters are among the most profitable tours for the operators, based on average per diem rates, in the world. This profit margin has undoubtably drawn many new operators into the field. Historically, the Alaska "tour", coupled with a cruise in the Inside Passage, has received the greatest amount of publicity. Therefore, travel agents, when thinking of Alaska, tend to think "cruise" when they make plans for their clients.

Regardless of what may happen in the all-air market or with the land market (highway, etc.), the cruiseship market will remain the backbone of the high-cost luxury package tour market.



Highway Tourism

Once the mainstay of the total Alaska visitor industry, the highway tourism, the overland highway traveler by car, camper or motorhome, has remained static over the last few years (disregarding, for the moment, the traveler who comes to the State in his car in search of a job). The highway traveler has experienced an increase in travel cost due to marked gains in the price of vehicles, gas and other accessories necessary for the long drive to Alaska. Further, a trip back and forth over the Alaska Highway is lengthy, requiring extended vacation time in order to make the round trip. The highway market will continue to grow, but not at the same rate of growth as was experienced in the past decade. The numbers of highway tourists in 1975 was estimated to be 69,500, a net gain of only 9 percent over the 1972 baseline figure.

There are two subgroups within the highway tourism market: (1) the overland via ferryliner and (2) the fly-drive market. The growth of the ferryliner market is limited by the availability in summer of car, camper, and motorhome deck space aboard the ferryliners serving Alaska, from the gateways of Seattle and Prince Rupert. This condition will continue to be a problem as the ferryliner capacity is anticipated to remain relatively constant during the next few years.

The second subgroup is the fly-drive tourism market, where the visitor flies to the State and then rents his car, camper or motorhome for intra-Alaska touring. Because of the availability of instate transportation, this market is mainly served from the Anchorage gateway. The fly-drive market is growing and could continue to grow, especially in view of the heavy promotion undertaken this season. However, a potential limiting growth factor is the relatively small size of the camper and motorhome rental fleet in Anchorage.

Ferryliner Tourism

Growth of this segment is limited by availability of space on ferryliners. In 1975 it is estimated that some 33,500 persons came to Alaska by ferryliner, a 45 percent gain over the estimated number who came by ferryliner in 1972 (24,500).

Air Tourism

This market segment potentially holds the greatest promise for increasing annual volume of visitors. The Division of Tourism estimates 110,000 visitors came to Alaska by commercial air in 1975, almost half the total visitor market. This represents a 63 percent gain over the 1972 baseline figure of 67,000. Just on the horizon are reduced-cost air charter programs which permit merchandising of Alaska travel to an entirely new, and hitherto, untapped market. Additionally, the possibility of more extensive ITX (tour-basing) fares, particularly from gateway cities more distant from Alaska than Seattle, would greatly enhance the cost attractiveness of the Alaska product.

Motorcoach Market

Motorcoach traffic into Alaska via the Alaska Highway is increasing, though motorcoach tourism over the highway is still rated modest in numbers. A number of tour wholesalers in the "lower-48" offer independent and escorted motorcoach tours using either the all-land route along the Alaska Highway, or the land/sea combination route using ferryliners of the Alaska Marine Highway System and the Alaska Highway. Common carrier service is also available between Haines and Anchorage via the Yukon Territory. The road distance between Haines, at the head of Lynn Canal in Southeast Alaska, and Anchorage is approximately 800 miles (1290 km). Travel time is two days with an overnight stay near Tok, Alaska.

Convention and Meetings Market (C & M)

A new aspect in Alaska tourism is the greatly increased interest in developing the convention and meetings market. Perhaps the most significant aspect of the conventions and meetings market is that, for the first time, there is a real possibility of expanding the off season tourist trade, as C & M trade tends to concentrate in those months when the tourist market demand is weak, e.g., the spring and fall.

With the increased financial support given to the promotion of the convention and meetings market, by both State and local government, it is expected that the growth in this sector will substantially surpass the growth rate of the independent tourist travel market.

20
Population

Total resident population within the State has demonstrated phenomenal growth since 1960. During the 60's, Alaska's population increased 34 percent from 226,167 in 1960 to 302,361 in 1970. Correspondingly, the U.S. population rose 13 percent during that period. During the early 70's (1970-73) the State's total resident population continued its historical trend, increasing an average of three percent per year, while on the national level the average annual increase declined from 1.2 percent in 1971 to 0.8 percent in 1973. Since 1973, Alaska's population has grown rapidly as the result of inmigration. During 1974, the resident population increased 6.3 percent to 351,200 then jumped over 15 percent to 404,600 in mid-1975. This tremendous increase was the direct outgrowth of pipeline construction and the overall economic expansion experienced during the past two years.

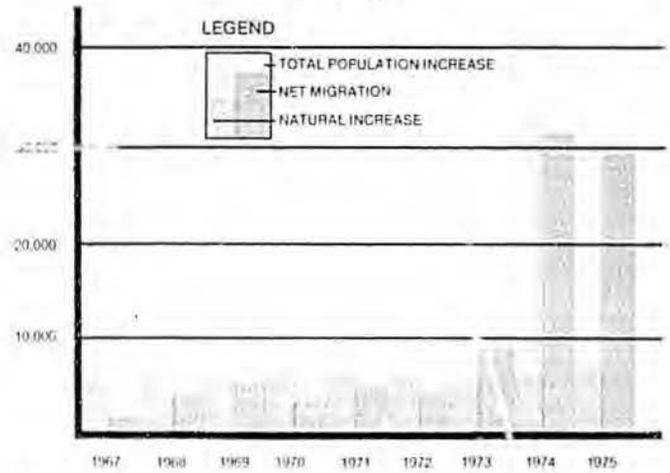
Military personnel assigned to Alaska represents an important but declining component of total resident population. During 1960, there were 32,490 personnel assigned; a modest uptrend lifted the total to 33,017 by 1965. The military sector then declined five percent to 31,425 in 1970. During 1972, there was a substantial, but temporary decline to 26,450 after which the military population recovered to the current level of approximately 28 thousand. This decreasing role of the military sector will be discussed further in the section on government.

During 1960, Alaska had a birth rate greater than any other State in the nation. Alaska's rate was 33.4 births per thousand population compared to the national rate of 23.7. In 1965, Alaska still led the nation with comparative rates of 27.9 and 19.4, respectively. Since 1970, the Alaskan birth rate continued its decline falling to a rate of 20 per thousand in 1973 compared to the national rate of 14.9. With the large population increases of 1974 and 1975, this rate has declined considerably to 19.9 in 1974 and to 15.9 in 1975.

Interestingly, Alaska's death rate per 1,000 population is the lowest of all States. In 1970, Alaska's rate was 5.8 compared to the national rate of 9.5. By 1970 the Alaskan rate had dropped to 4.8 while the national level remained at 9.5 and in 1973 the rates were 4.4 and 9.4 respectively. Estimates for 1975 place the death rate in Alaska at 4.1. This low rate reflects the concentration of Alaska's population in the 15 to 34 age group, which has a lower death rate.

Net migration, the change in the total population less the natural increase, (births over deaths), varied considerably by area during the 1960's. Those areas experiencing the most noticeable net migration during the decade were Anchorage and the Kenai-Cook Inlet regions. This was the result of the development of the upper Cook Inlet oil and gas fields. Out migration patterns were noted mainly in the Interior, especially in the Fairbanks area. This reflected a slower rate of growth of the regional economy compared to other regions of the State.

MAJOR COMPONENTS OF POPULATION CHANGE 1967 — 1975



During recent years, inmigration into the State has increased at a phenomenal rate. Net inmigration as a percent of the increase in the total population rose from 41 percent in 1970 to an estimated 83 percent in 1975. In 1974, migration peaked, reaching 85 percent of the total population gain, accounting for 37 thousand people. This peak reflected the start of pipeline construction.

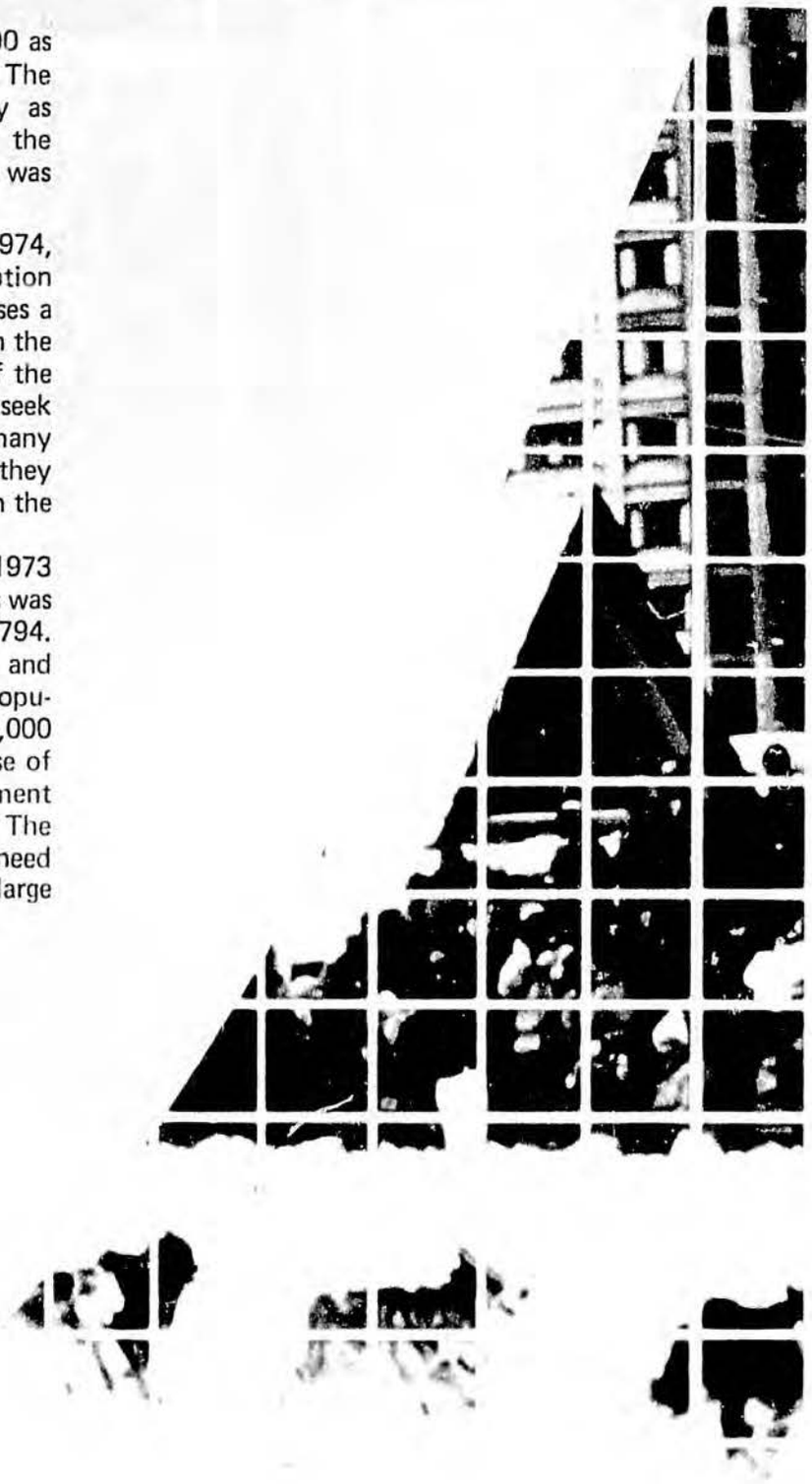
The Anchorage area population increased 53 percent from 82,833 in 1960 to 126,333 in 1970. Between 1970 and 1974 it grew at a rate of 21 percent, then jumped 16 percent in 1975 to an estimated 177,800. Fairbanks population increased 12 percent during the 60's to reach 45,864 in 1970 then doubled the previous ten year rate between 1970 and 1975 to reach 55,500 in 1975. Juneau increased 39 percent between 1960 and 1970 to 13,556, then increased 31 percent to 17,700 in 1975. Several Census Divisions, Barrow, Southeast Fairbanks, Yukon-Koyukuk, Valdez-Chitina-Whittier and Upper Yukon, demonstrated tremendous population increases, 60 to 230 percent, during 1975. These are the various census divisions in which the North Slope oil development and pipeline construction camps are located. These areas will fall substantially in population as actual line construction nears completion at the end of this year.

Annual population estimates as of July 1, are compiled by the Alaska Department of Labor and the U.S. Bureau of the Census. Prior to 1974, the two agencies were in complete agreement on their annual estimates and methodologies. In 1974 two different population estimates were produced. The Census

estimate of total resident population was 341,000 as of July 1, while Labor's estimate was 351,159. The 1975 estimates showed even greater disparity as Bureau of the Census preliminary estimate of the population was 352,000 while Labor's estimate was 404,634.

Since construction of the pipeline began in 1974, there has been a tremendous shift in migration patterns to Alaska. The Bureau of the Census uses a methodology which bases migration estimates on the number of school age children in the period. Of the thousands of workers who entered the State to seek employment, especially with the pipeline, many either did not bring their families with them or they were single. This appears to be the main reason in the difference of the two estimates.

The annual population change between the 1973 and 1974 estimates for the Bureau of the Census was 10,600 people while Labor's change was 20,794. Significantly, total employment between 1973 and 1974 increased by 19,600 workers. The 1975 population change for the Bureau of the Census is 11,000 compared to the Department of Labor's increase of 53,475, while the increase in total employment during the period was estimated to be 39,016. The methodology used by the Census Bureau may need further investigation as it does not reflect the large influx of migrants into the State in recent years.



Personal Income

Total personal income is defined as that income received by all individuals in the economy from all sources. It is made up primarily of wage and salary income, proprietor's income, rental income, dividends, interest income, and the difference between transfer payments, (described below), and personal contributions for social insurance.

Once total personal income is compiled, it is then residency adjusted. Currently there are a large number of nonresident workers in the State, especially pipeline related. Since a certain amount of personal income is transferred out of this State to other areas or to the workers actual residence, it is therefore necessary to deduct this amount from the State total in order to obtain an estimate of the income of Alaskan residents. Once personal income is adjusted by place of residence, it is then divided by the total resident population to obtain the per capita personal income estimate. These procedures are applied on a statewide, SMSA, and Census Division level in Alaska.

Since Statehood in 1959, there has been stable growth in the State's personal income through 1973, paralleling the national trends. Alaska's per capita income estimate increased 86 percent from $2,498 in 1959 to $4,644 in 1970 while at the same time the U.S. average increased 83 percent from $2,167 to $3,966 respectively. This trend continued through 1973 with Alaska's per capita income rising an additional 28 percent while the national level rose 27 percent.

During the past two years, per capita income in Alaska has demonstrated phenomenal growth. During 1974 it increased 16 percent to reach $6,890, then advanced 16 percent to $7,988 in the 1975 preliminary estimates. Correspondingly on the national level it increased 8.5 percent during 1974 and 7.1 percent in 1975. The main reason for the smaller increase during the past two years at the national level is the recent recession and slow recovery which is currently showing some signs of a more rapid advancement.

There are a number of reasons for the recent strong growth of per capita personal income in Alaska. The most significant is the construction of the oil pipeline which began in the spring of 1974. With the advent of pipeline construction and high salaries coupled with 70 to 80 hour work weeks, the personal income component of the construction sector has soared, increasing 139 percent in 1974 and an additional 155 percent in 1975. In 1973 wage and salaries in the construction sector accounted for 10.7 percent of the total wage and salary income component. Construction's share increased to 19 percent in 1974 and to 32 percent in 1975 according to the preliminary estimates. In 1975, the construction sector replaced total government as the leader in wage and salary income before residency adjustment. As mentioned earlier, many pipeline workers are nonresidents and most of the increase in the residency adjustment are the direct result of this factor.

While pipeline wages contributed heavily to personal income gains, the increased demand for goods and services from this sector led to an overall expansion of the State's economy. As the availability of high paying construction jobs increased, various employers in many industries had to compete for the available labor supply, resulting in large increases in the average monthly wage rate. The average monthly wage in all sectors, excluding contract construction, increased 4.9 percent during the period one year prior to pipeline construction, and one year after pipeline construction the average monthly wage jumped by nearly 18 percent.

Another major factor contributing to the large increase in the average monthly wage rate was the accelerating price level during recent periods. The Anchorage Consumer Price Index (CPI) increased 8.8 percent for the period one year prior to pipeline construction and correspondingly increased 15.6 percent for the period one year after the start of pipeline construction. In comparison, the U.S. CPI rose +10.1 percent prior to the pipeline and 10.2 percent after the start of construction on the pipeline. For the ten year period prior to pipeline construction, the rate of increase in the Anchorage CPI was less than the U.S. rate. Thus, it appears that the activities associated with pipeline construction have greatly affected price levels in the State. This increasing price level has also influenced wage demands in both the public and private sectors.

Another major factor impacting upon the personal income series is the Alaska Native Settlement Act. Payments made to the various regional and village corporations are included in the transfer payments component, (transfer payments are income flows which represent a change in the distribution of national wealth, but are not compensation for current contribution to the production process, e.g., Social Security benefits, Veteran's pensions, welfare payments, etc.). Large increases in transfers can be noted after 1973. While the land claims monies do not appear to influence the statewide figures greatly, there is a tremendous influence on the Census Division level estimates. Most of the rural Census Divisions, whose residents are predominately Native, showed large increases in per capita personal income after 1973, e.g., Angoon, Barrow, Bethel, Wade-Hampton, etc. This is due to the fact that many residents in these rural areas rely heavily upon subsistence activities and earned little income prior to 1973.

The tremendous infusion of funds to these rural areas, as the result of the land claims, distorts the per capita income figures. In the U.S. Department of Commerce's personal income series, the land claims payments are treated as being disbursed to each individual Native. In reality, the payments are made to each regional and village corporation, and the individual Native receives, in turn, only a small portion of the total in cash and the remainder in shares in their respective corporation (these shares are nontransferable until 1991). Therefore, much of this income is actually nontransferable stock and is not current income to the individual even though it is treated as such by the U.S. Department of Commerce. The various corporations then invest their shareholder's funds, providing employment and earnings. Future earnings will be reflected in later years in the wage and salary and dividend components of the rural area's personal income estimates.

Personal income estimates are compiled by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. These estimates are compiled by State, SMSA, and Census Division level in a cooperative effort with agencies in the respective states. The Alaska statewide estimates appear accurate through 1973. With the tremendous expansion of the Alaskan economy during the past two years there appears to be one major discrepancy. This is in the total resident population figure discussed earlier in the population section, which in turn can severely affect the per capita estimates. While holding total personal income (residency adjusted), constant during 1974 and applying both the Census and the State population estimates, we get statewide per capita income estimates of $6,890 and $6,614 respectively. The gap widens when computing the 1975 per capita estimates, due to the even greater disparity between population estimates. The Division of Economic Enterprise will have the opportunity to review the 1975 estimates before they are finalized by BEA and it is hoped that the problem can be resolved. Within the breakdown of personal income by Census Division, considerable work still has to be done concerning the treatment of land claims payments, residency adjustments, population estimates, and interregional money flows.

The preliminary estimates for 1975 places Alaska at the top of the ranking of states on the per capita income basis. While the State might well have the highest per capita income in the U.S., it will be an overestimate and it will not reflect the true economic well-being of Alaska's residents compared to other states. Alaska also has the highest cost of living. During the fall of 1975 the annual budget survey by the Department of Labor, showed that the budget for a lower budget family of four in Anchorage was 59 percent above the national average while the intermediate budget was 39 percent larger and the higher level budget was more than 36 percent greater. While the Anchorage budget was quite high, the rest of the State can be considerably higher with the bush areas as much as 50 percent above the Anchorage level. If all states' per capita income were weighted to include respective living costs, Alaska's position would fall well below many of the other states.

Banking and finance

Alaska's recent remarkable economic growth would not have been possible without the role played by its financial industry. As an effective system for the allocation of resources to productive uses, every sector of the State's economy is supported by this structure. Participating in the general economic uptrend are the State's banks, savings and loan associations, and insurance companies which have all grown to meet the challenges and demands placed upon it.

Banking

Alaska bank deposits totaled $1,376,707,000 on December 31, 1975, representing a six and one-half fold increase since the year of our statehood in 1959, and more than doubling since 1970. The composition of deposits has also undergone some change. Prior to 1967, demand deposits had accounted for the largest proportion of total bank deposits, since that time, savings and time deposits has become the largest component representing 53 percent of total bank deposits in 1975.

As of December 31, 1975, IPC (Individuals, Partnerships and Corporations) deposits accounted for 77 percent of total bank deposits. At the same time, IPC comprised over 87 percent of total demand deposits (checking accounts) and 67 percent of time and savings deposits. The remainder of the deposit categories is comprised of government funds, cashiers and certified checks, etc., and some interbank funds.

In order to meet the financial needs of Alaskan residents and businesses, the banks have established and expanded their branch systems to improve accessibility to their banking services. The number of branches of the State's 13 banks, totaled 90 as of May 1976. The seven State banks had 19 branches and the six national banks 71 branches.

Savings and Loan Associations

The savings and loan industry in Alaska has grown with the State's real estate market by providing a major source of funds for the building industry. As of December 31, 1975, there were four savings and loan associations in the State with twelve branches and six agency facilities. On that date, the four associations had assets of $213 million and savings deposits of $160 million, representing a growth of 157 percent and 158 percent respectively, since 1970.

The amount of association loans has also kept pace with general industry growth, increasing from $73 million in 1970 to $176 million in 1975, for a gain of 141 percent. The dollar amount of loans has increased every year since statehood with the exception of the $8 million decline experienced in 1973. During that year, the dollar amount of loans sold (i.e., package sales to investors outside of the industry) recorded a phenomenal jump to $17 million, compared to $40,000 sold in 1972, and $59,000 in 1971.

Insurance and Finance

The total amount of life insurance in force in Alaska increased by 3.1 percent in 1975 to reach $3,129,934,000. In 1974, the latest year for which detailed data are available, $3,034,908,000 was in force, of which ordinary insurance comprised $1.3 billion or 43 percent; group insurance, $1.6 billion or 52 percent; and credit and industrial insurance, $0.2 billion or 6.3 percent. There were 697 companies authorized to operate in the State as of June 30, 1975. This compares to 656 companies in 1974 and 619 in 1973. Life insurance companies, with 344, were the largest group authorized to operate in 1975. This was followed by 335 fire and casualty companies, two health care service contract companies, nine fraternal societies, and seven title companies. In 1974, a total of $436 million was invested by insurance companies in Alaska.

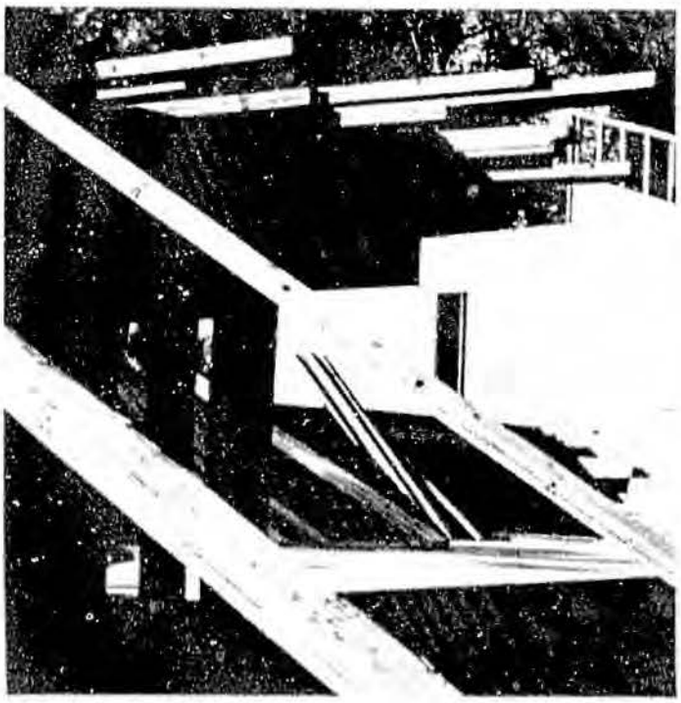
Supplementing the lending capability of the banking and savings and loan industries is that of the local loan company. At year-end 1975, there were three companies with a total of fourteen offices doing business in Alaska. The total assets of all offices amounted to $12.2 million, of which nearly $12.0 million was in the form of loans.

Construction and Real Estate

Rapid growth in the key economic forces responsible for the recent upsurge in the State's economy was manifested in 1975 largely through expansion of activity in the construction industry. During the current year, it appears that while construction activity will continue at an unusually high level, it will not experience the sharp growth rate of the past two years. A brisk uptrend was also noted in the related rea *ate industry. The outlook is favorable, as completion of the mammoth Alyeska project should be followed by sustained growth elsewhere in commercial construction and in residential building.

The best year on record, 1975 saw construction employment race to an annual average of roughly 27,000, including a late summer peak approaching 40,000. The petroleum industry, Native corporations, and government were the prime stimulators of this industry. Administrative, supply, production, transportation, and exploration facilities were being constructed for the petroleum industry across the State. The Alyeska pipeline project was, of course, the largest in terms of labor input, cost, and impact upon Alaskan communities.

Construction of new or expanded facilities was also initiated by commercial ventures not classified in mining, but simply meeting the greater demand of the support sectors. Despite a decline of 68 percent for the Juneau area, the value of building permits in 1975, for commercial and industrial structures, nearly doubled in the three major population centers of Anchorage, Fairbanks and Juneau combined. Completion of several large public projects, rather than a decrease in private commercial activity, was responsible for the decline of nonresidential building activity in the Juneau Borough between 1974 and 1975. Boosted partially by one large project, a $35 million power generating plant near Fairbanks, nonresidential building permits totaled nearly $111 million in 1975. Not included in the total was the $230 million expansion of the Collier Carbon and Chemical Company's ammonia-urea manufacturing plant on the Kenai Peninsula.



A seller's market persisted in housing in the Fairbanks, Anchorage, and Valdez communities. With very low vacancy rates reported for Anchorage and Fairbanks, both rental units and housing for sale were in short supply. While the vacancy rate for Anchorage rose by the fourth quarter, primarily reflecting an increased availability of higher priced homes, the demand for units in the low and middle price ranges continued to exceed supply. The value of residential building permits in the three urban centers was up over 56 percent from the 1974 level, with sizable growth in all three communities, but particularly in Fairbanks. The value of residential building permits issued for the latter community jumped 115 percent to nearly $21 million in 1975.

According to data collected by the Department of Housing and Urban Development for eight Alaskan communities, the largest growth rate in residential housing in 1975 occurred in multifamily dwellings. In that year, permits were issued for 2,793 multiple family units or more than double that recorded in 1974. Single family dwellings rose more moderately over this time period, from 2,527 to 2,863. More than two-thirds of the dwellings for which permits were issued were located within the Anchorage metropolitan area.

The construction industry started the current year by quickly surpassing year-earlier employment levels. During the first quarter this expansion resulted from a rapid build-up of the Alyeska crews. With a busy season planned for the remainder of the industry, overall activity should continue ahead of last year through fall.

On the trans-Alaska pipeline project (TAP) work on the pumping stations and Valdez terminal was stepped up slightly during the winter months, when pipe laying ceased. As the new season opened, approximately half of the enormous undertaking had been completed. Only 40 percent of the pipeline portion remained to be laid and this is expected to be accomplished by November. Construction of the terminal and pump station was farther from completion than the pipeline, and it is work on those

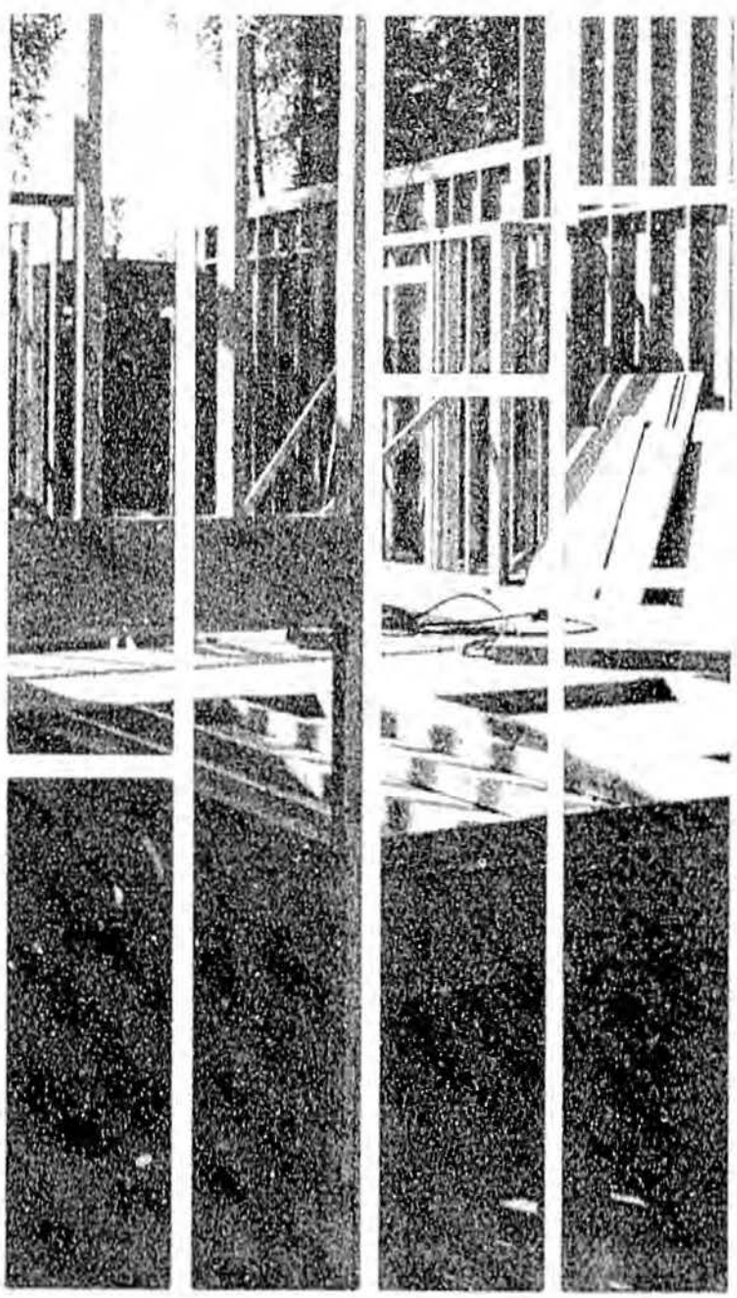
components which will extend completion of the entire project to mid-1977. Since the pipeline accounts for the bulk of the Alyeska work force, employment on the project will fall sharply when that phase ends. According to Alyeska, this should result in a reduction in employment to around 25 percent of this year's summer peak.

With a number of large private and public projects underway, or slated to begin shortly, and a number of smaller projects, non-pipeline project construction appears to be heading toward a record season. Of those projects financed by private industry, nearly all of the major projects are related to the mining or support industries.

Construction continues at mid-year on support and production facilities on the North Slope; the ten-inch fuel pipeline linking the Tesoro refinery on the Kenai Peninsula with Anchorage; and the expansion of the Collier fertilizer plant. A $30 million refinery will be constructed over the next two years for Energy Resources Company. It will provide fuel to the power plant now being erected adjacent to the refinery in the Fairbanks area. Within the support sectors, initial units of a $15-$20 million resort will be erected in the Denali State Park; several shopping malls are planned for Fairbanks and Anchorage; a 400 room hotel will be constructed for Calista Corporation; and the National Bank of Alaska is moving ahead on a $5.5 million administrative office building.

During the coming year transportation facilities and office buildings will account for much of the government expenditures for civilian construction. About $445 million has been allocated to improve and maintain State highways in FY 77. The State is also going to spend $20 million over two years to build a north-south runway at Anchorage International Airport and a Wisconsin shipyard is working on a Le Conte class vessel (ferryliner) for the State. One office complex in Anchorage costing $72 million and two office buildings in Fairbanks will be under construction for the Federal Government. As part of the $125 million Chena Lakes Flood Control Project, a $10 million dam is being constructed at Moose Lake. Another $24 million has been appropriated for current (1977) fiscal year work on the flood control project.

Home builders in Anchorage, Fairbanks, and Juneau are apparently attempting to catch up with the demand created by the population influx of the past two years, since it is now evident that much of the growth is permanent and that the long-term trend is one of steady, albeit slower, expansion. In the special case of Juneau, the threat of the Capital move has been a cloud darkening the city's future and dampening the expectations of potential homebuyers. However, pent-up demand, plus the completion of a borough-wide assessment tied to State legislation protecting local property values, have prompted a dramatic surge in private residential construction. The Capital move has also led to land development and speculation in the area between Anchorage and the most likely sites to the north.



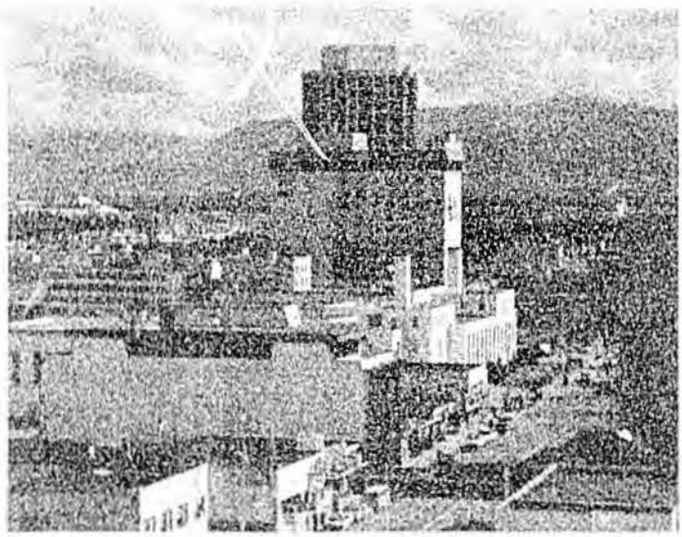
Trade and Services

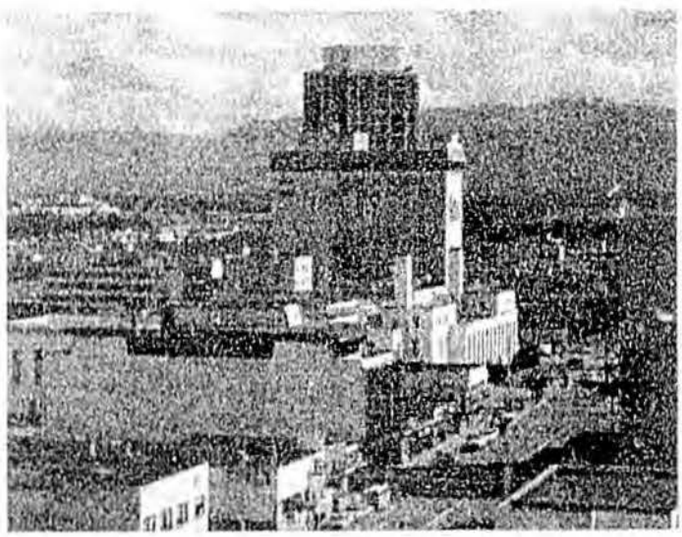
The trade and services industries mirrored the dynamic economic upswing through 1975 and were still growing nearly as rapidly through the first quarter of 1976. Continuing a long-term trend, these industries increased their share of economic activity.

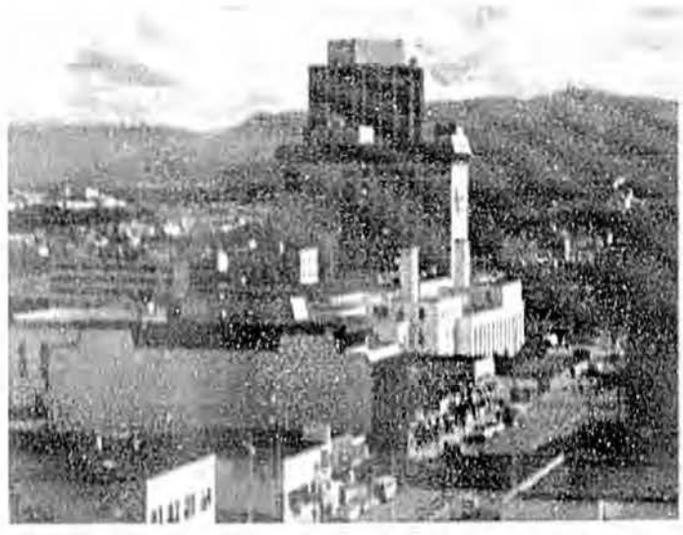
The only variable available to measure recent changes within trade and services is employment. Information on sales by industry is obtainable only through 1974. An examination of employment data reveals that services expanded by 38 percent to about 25,200 in 1975, slightly outpacing trade which rose 22 percent to a similar total of 25,700. A substantial rise in business services was accompanied by increases in most other service industries, but particularly lodging and medical services. Business services were boosted sharply by firms, directly or indirectly involved in the trans-Alaska pipeline project, who provide services such as management, engineering, and camp operations. Once the pipeline project was in full swing, the service sector experienced a slowing of its growth rate, however, a moderate uptrend continued into 1976.

Although wholesale and retail trade expanded less rapidly than services during 1975, preliminary data for 1976 indicates that industry has more nearly sustained its rate of advance. Wholesale trade registered the most notable increase in employment, of over 30 percent. The surge in economic activity prompted modernization and expansion programs by many wholesalers, the bulk of whom are located in Anchorage. Within retail trade, a sharp gain in employment was posted by eating and drinking establishments and smaller increases in most other trade sectors.

The rapid growth of the Alaskan economy and its attainment of more advanced levels of development have accelerated important structural changes in the economy. These changes are quite evident in trade and services, the largest of the support industries. Perhaps the most basic has been mentioned – the greater relative proportion of economic activity accounted for by these combined industries. Again using employment as a yardstick, services and trade employment gradually advanced from 24.8 percent of nonfarm employment in 1965 to 29.0 percent in 1970 and finally to 31.6 percent during 1975. Simultaneously there has been a slow, but steady increase in the ratio of services to trade. Although parallel trends have been taking place within the national economy, the shift in Alaska to relatively larger service and trade industries indicates a broadening and increased independence of the State's economy. It is assumed that the growth rate for service employment exceeded that of trade both nationally and in Alaska for the same basic reason – a greater relative demand for many services which accompanies increases in real per capita disposable income. In Alaska, the oil pipeline construction project also contributed to the differential.







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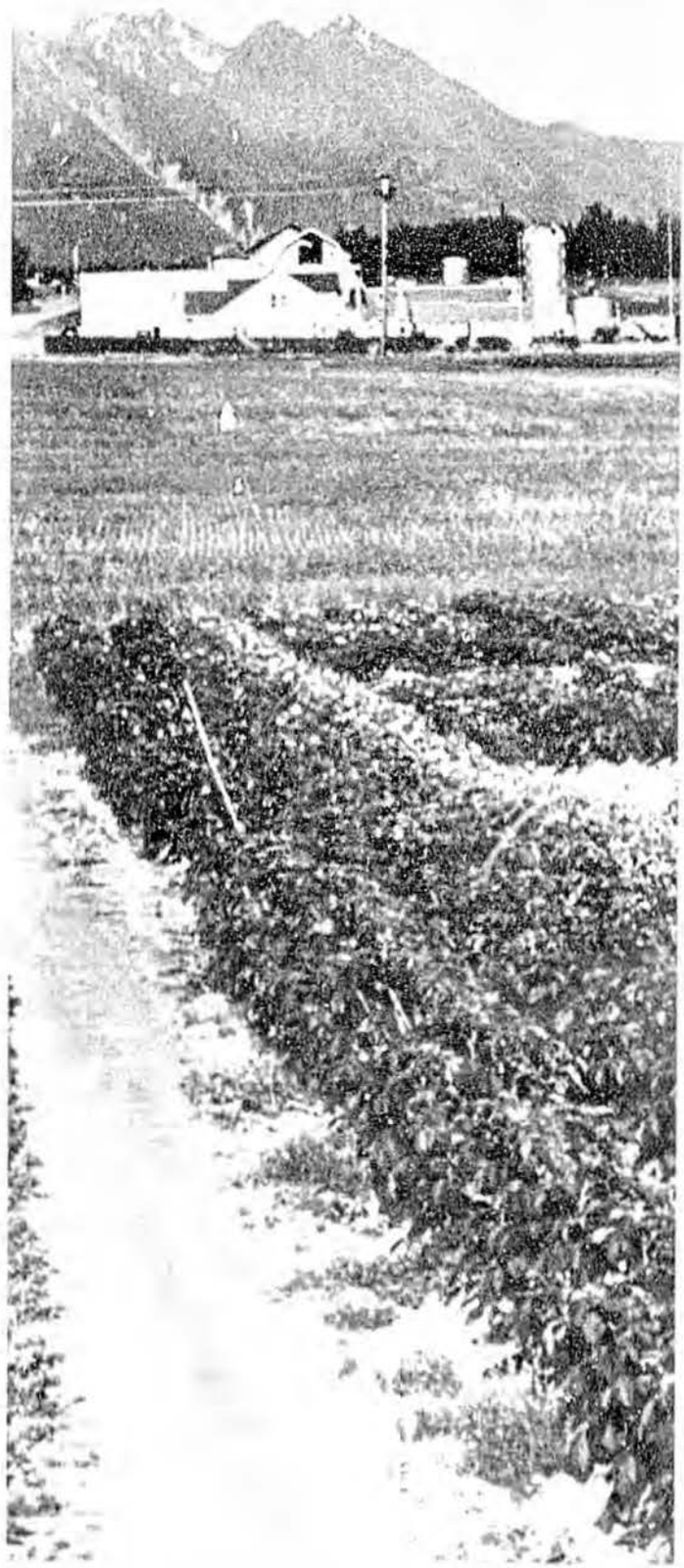
Agriculture

Since 1970, the total value of Alaska's agricultural production has been increasing at an annual compound rate of 12.4 percent. Overall, between 1970 and 1975, value rose 80 percent. A review of the major agricultural categories shows that since 1970, field crops has experienced the largest percentage gain in total value of production, increasing by 185 percent, followed by vegetable crops, 103 percent, and livestock products, 27 percent.

The 1975 production year is estimated to be the greatest on record for Alaska, with a total value of nearly $9.3 million, for a gain of more than $1.2 million, or 15 percent over 1974. While the overall year to year increase was strong, it was primarily centered in the State's three "million dollar" products – hay, potatoes, and milk – whose combined value rose nearly $1.3 million between 1974 and 1975. This is not surprising, since historically these three products have dominated this State's agricultural industry. In 1960, the production value of hay, potatoes and milk accounted for 73 percent of the total value of all agricultural products; by 1970, this ratio had declined to 68 percent; and by 1975, it had risen to 76 percent.



Field Crops

The production value of Alaska's field crops has risen dramatically from $2.7 million in 1974 to $3.6 million in 1975. Most of this gain is attributable to the increase in the value of the hay crop which grew from $2,054,000 in 1974 to $2,782,000 in 1975. Significant percentage gains in value were also recorded in barley – 81.6 percent, and oats – 63.0 percent.

Vegetable Crops

Alaska's potato crop is the dominant vegetable crop in terms of value of production. In 1975, this important crop ranked third in the State – behind milk and hay – with a value estimated to be $1,434,000, accounting for 78.6 percent of 1975's vegetable crop valuation. The other major vegetable crops showed mixed trends in value with lettuce and carrots recording gains of 6.3 percent and 23.1 percent respectively, and cabbage declining $5,000 in value or 9.6 percent. The total vegetable crop produced in Alaska in 1975 is valued at an excess of $1.8 million as compared to 1974's $1.5 million value.

Livestock Products

The livestock products category has been an unusually stable sector over the years, consistently hovering around the $3 million mark since 1960. The total value of this important farming sector, which accounted for 41 percent of the State's total agricultural value in 1975, amounted to $3.8 million, and represented no change from 1974. Most of the recent growth in this category, occurring in the early 1970's is attributable to the increase in the value of milk which rose from $2.1 million in 1970 to $2.6 million in 1974 and to $2.8 million in 1975. With the exception of milk, the production value of each of the other livestock products registered declines between 1974 and 1975. The largest percentage reduction in value occurred in lamb and mutton products whose value dropped 72 percent. This large decline is attributable to the larger than normal culling slaughter that occurred in 1974.

Industry Trends

Statewide interest in agriculture in Alaska and concern for its future continues to gain momentum. This interest is evident in both the legislative and executive branches of State Government. On the legislative side, an agricultural resolution, calling for a task force to determine the State's policy with respect to agriculture and to lay the groundwork for required agricultural programs, was passed overwhelmingly. Another bill that was also passed, reserves agricultural lands strictly for agricultural purposes.

The concern of the executive branch is shown by two projects undertaken this spring. A Department of Commerce and Economic Development project is investigating the costs associated with producing Alaska's agricultural products, both crop and livestock. As a result of the study, the State will have for the first time, the capability of comparing product production costs in Alaska with that of other states. Another example of the executive branch's concern, was the commissioning of two prominent agricultural economists to review Alaska's agricultural potential. In light of future worldwide food requirements, these economists will give the State their evaluation of possible Alaskan entry into the world food markets. Sponsored jointly by the University of Alaska and the Federal-State Land Use Planning Commission, the independent assessment from these consultants will be a key input in determining the State's future agricultural policy.

Most of the State's major agricultural producing regions are located near existing or projected centers of population and economic activity. Economic and social pressures have had, and will continue to have, a profound and lasting effect on Alaska's agricultural industry. Field crops, and to some extent vegetable crops, require large, relatively flat ground that can be farmed in contiguous blocks for maximum efficiency. Unfortunately, this type of land also tends to be that which is most desired for urban expansion. Increased pressures for the urbanization of existing and potential farm lands, the trend toward agricultural development of the vast acreages of potential agricultural land, and the State's developing agricultural policy, will all be strong forces shaping the destiny of Alaska's future agricultural industry.

Transportation

All major components of the transportation industry were affected by the general uptrend in the State's economy during 1975 and by the Alyeska oil pipeline project which entered its first full year of activity. Only toward the end of the year and into early 1976 did certain sub-industries face reduced demand for their services as the flow of supplies and equipment to Alyeska slowed. Some transportation industries and enterprises responded to record levels of business activity by purchasing new equipment and by otherwise expanding their services. Considering the critical importance of transportation in Alaska, this trend portends well for future economic development.

Trucking and warehousing experienced the most dramatic growth in 1975, with employment advancing around 73 percent, year-to-year. However, just as the advance was largely supported by the build-up of materials for the pipeline, the tapering down of Alyeska's shipping requirements led late in the year to cutbacks in the scale of operations of some firms.

Air transportation also grew rapidly in terms of employment, revenues, and passenger and freight traffic. Activity in the industry served as a very visible indicator of eonomic conditions. Employment was up about 700 jobs, or 18 percent, for an annual average of 4,700 in 1975.

Air freight traffic to and from the two major airports at Anchorage and Fairbanks increased at an annual rate of 8.5 percent in 1975, reaching a total of over 305 thousand short tons. In comparison, the start of the pipeline construction during 1974, the previous year, had thrust the volume of air freight up by 166 percent. The volume of air freight handled by the Fairbanks International Airport peaked at 62 thousand tons in the second quarter of 1975, then fell below 40 thousand tons for each of the two subsequent quarters. This declining trend at Fairbanks reflected the lessening reliance placed upon air transport to deliver materials to the pipeline – initially as more of the pipeline became accessible to ground transportation and then later as fewer supplies became needed. Influenced more by the overall expansion of the economy and less by direct services to the Alyeska project, freight shipments at Anchorage International Airport rose by more than 20 percent in 1975, to 87 thousand tons. Initial indications for 1976 are that air freight volumes have not declined as rapidly as anticipated in the industry; one major air transport firm has added to its air fleet.

An even sharper upturn was recorded in the number of passengers arriving and departing from these airports. Combined in-out passenger traffic at both airports reached 1.7 million in 1975, up 31 percent over 1974. This included increases of 25 percent and 49 percent respectively, at the Anchorage and Fairbanks airports, The upward trend in passenger traffic is expected to continue through 1976.

Water transportation paralleled the industry trend with employment rising by one-third to approximately 1,400. Service between the "lower 48" and Alaskan ports was expanded by additional sailings and the entry of new enterprise into the Alaskan market. Totem Ocean Trailer Express, Inc. (TOTE) initiated service to Anchorage with its 790 foot trailership, SS Great Land, last September and planned to place a sister ship in operation during the summer months.

Since a major portion of waterborne freight moves through the Port of Anchorage, shipping data for that port is a key indicator for this industrial sector. In 1975, nearly 2.9 million tons of freight moved in and out of the port, for an annual increase of 26 percent. Bulk petroleum accounted for the largest increase in absolute terms, advancing from 1.6 to over 1.9 million tons (+20 percent). Sizable gains were also noted in cement and drilling mud (+143 percent), vehicles (+82 percent), and vans and containers (+42 percent). Preliminary data for 1976 points to further steady increases in the vans and containers category. Changes in this category presumably relate closely to movements in the population and general business activity.

Alaska's unique railroad industry also prospered in 1975. Of the two lines serving the State, the federally-owned Alaska Railroad posted a revenue increase of 99 percent in fiscal year 1975 and during the first nine months of FY '76 revenues jumped another 57 percent. Although most of the additional revenues were earned through greater freight traffic (which accounted for roughly 98 percent of all revenues in 1975), revenues from passenger traffic were also higher by 17 percent. In 1975, the line acquired six new and thirteen military surplus locomotives and also placed an order for 200 rail cars. The White Pass & Yukon Railroad, a Canadian line with a railhead at Skagway, transported a record 60,632 passengers along its scenic route in 1975 and they also ordered new rolling stock, consisting of four "parlor" cars with a turn-of-the-century design in order to accommodate the greater number of tourists expected to visit Alaska and the Yukon.

Recently, the first step was taken to examine the feasibility of linking Alaskan and Canadian railroads when a conference of top officials of industry and government was held in April of this year. Extension of the Alaska Railroad and that of a Canadian line would link Fairbanks and Watson Lake and thus provide direct rail service through Canada between Alaska and the "lower 48".

Looking twelve months ahead, the transportation industry will contain a new component, pipeline transportation. The work force required to operate and maintain the trans-Alaska oil pipeline and related facilities is estimated unofficially to be between 3,000 and 5,000 people.

Government

Historically, government has contributed heavily to the Alaskan economy, although its relative significance is expected to decline slightly. However, the declining relative importance of government may be temporarily reversed upon completion of pipeline construction if the private sector grows at a slower rate than government.

While the ratio of government to total employment has recently recorded a considerable decline in Alaska, government is still, and continues to be, Alaska's most significant source of employment and wages and salaries earned by the State's residents.

Federal Government

Total Federal Government employment in Alaska has dropped from 47,100 in 1970 to an estimated 41,900 in 1975. This decline is a function of the military personnel transferred from Alaska due to the closing of some military establishments. In 1975, there were an estimated 23,600 military personnel stationed in Alaska compared to 30,000 in 1970. While the number of military personnel has dropped over 21 percent between 1970 and 1975, wage and salary payments have increased substantially as a result of healthy wage increases and the creation of the new all-volunteer armed services. In 1970, the average monthly wage of the military sector was $389 compared to an estimated $832 by 1975. During 1971, the average monthly wage increased 28 percent, followed by a 33 percent increase in 1972. During the following years the monthly wage rose at an annual rate of eight percent. The military payroll increased from $140 million in 1970 to $236 million in 1975, for a gain of 68 percent.

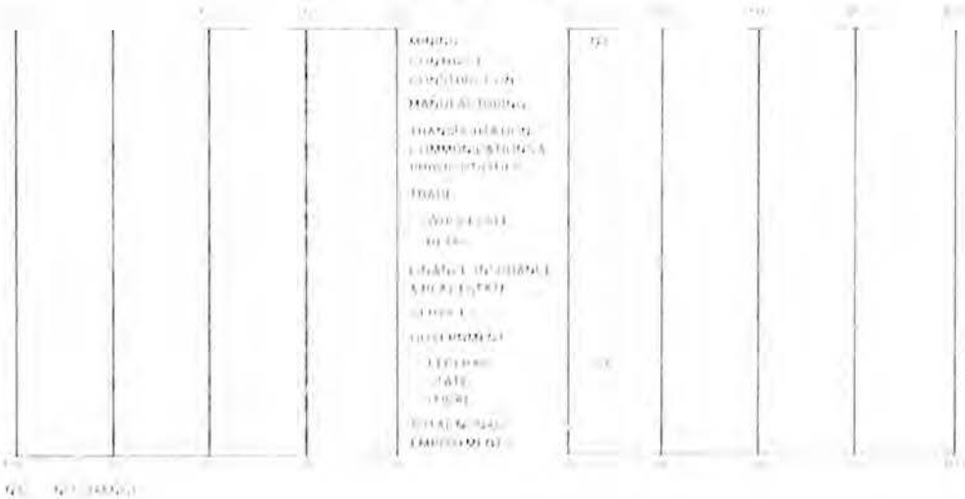
As of December 1, 1975, there were 12,212 military personnel stationed in the Anchorage area, 5,468 in Fairbanks, 703 at Fort Greely, and 6,508 scattered throughout the rest of Alaska, mainly on the Aleutian Islands.

Federal Government civilian employment remained relatively stable during the first three years of the period 1970 through 1975, averaging 17,195 between 1970 and 1973. During 1974, employment increased five percent to 18,015 and is estimated to have increased an additional two percent in 1975, yielding an employment estimate of 18,300. During this period, wage and salary payments increased 32 percent, nearly half the rate of the military increase, up from $184 million in 1970 to $242 million in 1974.

TOTAL GOVERNMENT EMPLOYMENT IN ALASKA
1970-1975
(In Thousands)

	1970	1973	1974	1975
Federal - Civilian	17.1	17.2	18.0	18.3
Federal - Military	30.0	24.5	23.7	23.6
State	10.4	13.8	14.2	15.3
Local	8.1	10.6	11.6	13.5
Total	65.6	66.0	67.5	70.7
GOVERNMENT/TOTAL EMPLOYMENT				
Alaska	51.0%	47.1%	42.8%	35.9%
United States	19.2%	18.5%	18.6%	19.5%

PERCENT INCREASE IN NONAGRICULTURAL EMPLOYMENT AND WAGE AND SALARIES BY INDUSTRY IN ALASKA, 1970 — 1974



FEDERAL CIVILIAN EMPLOYMENT IN ALASKA
BY DEPARTMENT
1970-1974

Department	Average Employment 1974	Percent Change 1970-1974
Defense	8,886	– 0.9
Transportation	2,770	– 2.7
Interior	2,288	+16.3
Health, Education & Welfare	1,375	+15.8
Postal Service	1,103	+19.5
Commerce	569	+77.3
Agriculture	547	+25.7
Treasury	195	+57.3

The majority of federal civilian employees are located in Anchorage and Fairbanks. From 1970 to 1973, Federal Government employment in Anchorage remained constant, accounting for 55 percent of the 17,200 employees statewide. During 1974, civilian employment in Anchorage increased 3.8 percent to 9,925. This concentration of federal employees in Anchorage reflects the fact that the city is the population and service center of Alaska as well as location of two adjacent military bases. Fairbanks ranks second in the concentration of federal civilian workers, ranging from 2,534 in 1970 to 2,706 in 1974. This community is the population and commerce center for interior Alaska, as well as being in close proximity to military establishments. While Juneau ranks third in numbers of federal employees, employment has declined from 1,198 in 1970 to 942 in 1974, a decrease of 21 percent. Forest Service area office personnel were transferred to Sitka, while other positions were moved to Anchorage.

Federal Government expenditures have demonstrated strong growth since FY 1970. Federal non-defense civilian expenditure increased from $447 million in FY 1970 to an estimated $710 million in FY 75, for a compound annual rate of growth of 9.5 percent. During 1974, the State of Alaska and local government units received $234 million in federal aid. This is $695 per capita or more than twice the per capita figure of the next highest state, excluding the District of Columbia. Expenditures by the Department of Defense, including civilian pay, increased from $388 million in FY 70 to $478 million in FY 75, representing a compound annual rate of increase of 8.3 percent. During this same period, military personnel in the State declined 21 percent. During FY 75 total military payrolls increased to $248 million; civilian payrolls increased 7.4 percent to $86 million; expenditures for operations and maintenance jumped 46 percent to $149 million; and military construction declined by 30 percent to $31 million.

State Government

During the period 1970 through 1975, State Government employment increased 48 percent to an estimated 15,300. The major impetus for the expansion was the 1970 North Slope lease sale which produced over $900 million for the general fund. During the period 1971-72, employment rose rapidly as services to Alaskan residents expanded. Delay in the construction of the oil pipeline and the large decline in the general fund moderated the rate of growth in State Government expenditure, reducing the rate of increase in State Government employment in 1973 and 1974.

The Department of Health and Social Services is the largest Department within the Government of the State of Alaska, employing 1,777 people in 1975. Employment in that Department declined 1.2 percent during 1975. The reason for the employment loss was the transfer of the Pioneer Home staff, approximately 190 positions, from Health and Social Services to the Department of Administration, which in turn responded with an increase in its employment of 30 percent. Another program change which occurred during 1975 was with the Comprehensive Employment and Training Act, whose function was transferred from the Department of Labor to the Governor's Office and involved approximately 25 positions. Also, the Department of Economic Development was combined with the Department of Commerce involving approximately 45 positions. It should be noted, that employment within the Department of Labor is influenced by the Federal Government, as many of Labor's programs are heavily funded by federal dollars. While some agencies show a substantial annual increase in 1975, many over ten percent, total State Government employment is estimated to have increased at a smaller rate as the result of transferring approximately 800 employees of the State Operated Schools system to local governmental units.

There have been other program changes in previous years. In 1972, the Pioneers Home function was transferred from the Department of Administration to Health and Social Services. During 1970 and 1971, the Neighborhood Youth Corps program and a newly

created Department of Community and Regional Affairs were spun off from the Governor's Office. Due to these program transfers, an analysis of the growth trends of employment by agency is impossible.

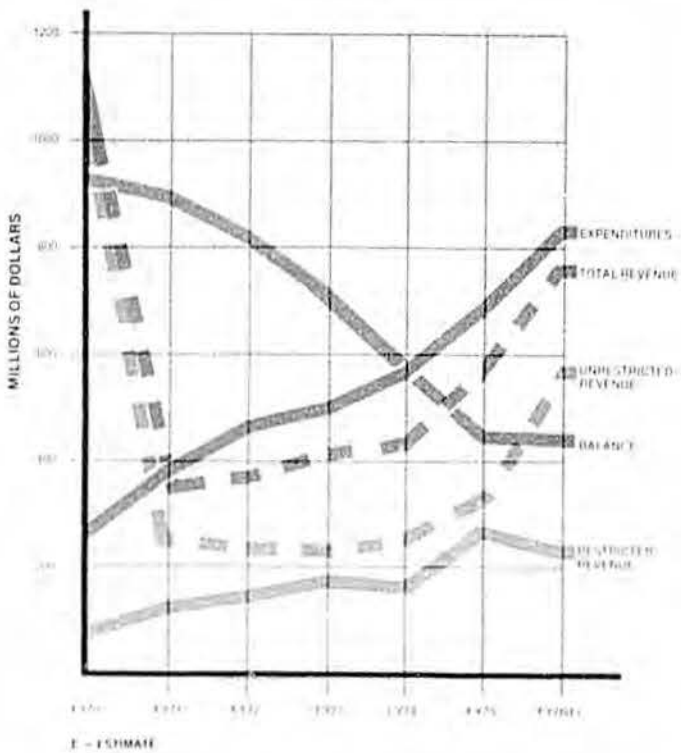
On an annual basis, the average monthly wage of employees varies greatly between agencies. During 1975, Legislative Audit had the highest average monthly wage per employee of $2,148, a 26 percent increase over 1974. This was followed by the Department of Law – $2,085, or 17 percent over 1974; Highways – $1,870, +21 percent; Public Works – $1,733, +20 percent; and the Governor's Office – $1,703, +16 percent. The average monthly wage for all agencies during 1975 is estimated to be $1,343, 12 percent higher than 1974. The greater than average wage for the five above mentioned agencies is the result of several factors. Within Legislative Audit there is a large professional staff coupled with a small number of support personnel, totaling 31 people in 1975. The Department of Law contains a large number of attorneys whose salaries are above average. The Department of Highways and Public Works contain a number of workers affiliated with unions not representing the majority of State workers, which have negotiated higher salaries in the past, and the Governor's Office has a higher percentage of administrators and research personnel than in other agencies.

State Government employment is concentrated in urban and regional service areas within the State. The growth of State Government's average monthly employment in Anchorage leads that in other urban areas, increasing 48 percent from 2,792 in 1970 to 3,986 in 1974. During 1974, State Government employment in Anchorage rose 12 percent. In 1970, there were more State employees located in Fairbanks (2,732) than in Juneau. By 1974, Fairbanks had declined 3.8 percent to 2,628, while Juneau increased 31 percent to 2,936. The average monthly employment in 1974 for other regional centers includes Ketchikan with 514 employees, Bethel with 327, Nome with 284 and Sitka with 232 workers.

The State Government's financial picture looked bright as the result of North Slope oil leases in September 1969 ($900+ million in bonus revenues). The general fund balance at the end of FY 70 was $934 million and the State expanded its services to meet increasing demands.

The 1975 Legislature, realizing the need for additional revenues due to pipeline delays, enacted a tax on oil and gas reserves for FY 76 and FY 77. A 20

STATE GOVERNMENT GENERAL FUND
REVENUES AND EXPENDITURES
FISCAL YEARS 1970 — 1976



mil rate has been levied for 1976 and $220 million in tax payments is due at the end of that year. State revenues are forecasted to approach $1 billion by FY 78, and if the 25 percent contributions to the permanent fund is enacted this fall, unrestricted revenue, after contribution to the permanent fund, could reach $1 billion by FY 79.

State revenues from various sources have demonstrated phenomenal increases since the start of pipeline construction. Compared to 1974, total revenues increased 54 percent to $296 million in 1975, and first quarter 1976 data places total revenues 25 percent above that of the previous year. Net collections from individual income taxes climbed 95 percent, from $64 million in 1974 to $125 million in 1975. During the first quarter of 1976, these receipts were up an additional 34 percent over first quarter 1975. Corporation tax revenue increased 161 percent to $25 million in 1975 and the first quarter's revenue for 1976 is 56 percent above last year's first quarter. During the second quarter of this year there will be a substantial increase as revenues from the oil and gas tax in place become due.

Local government's average monthly employment advanced at the highest rate of the three groups included in the public sector. Total employment statewide has advanced 67 percent, from 8,076 in 1970 to an estimated 13,500 in 1975 for a compound annual rate of increase of 10.8 percent. The rate of increase for 1975, estimated to be 16 percent, was the result of pipeline impact and the transfer of State operated schools to local government units.

Local government employment has shown substantial growth in some regions. For example, Barrow had an average monthly employment of three people in 1970 and 1971. With incorporation of the North Slope Borough in July 1972, employment increased to 19 and the average monthly employment in the Barrow area in 1973 and 1974 was 106 and 272 respectively. Local government employment in the Anchorage area grew 46 percent between 1970 and 1974, reaching a level of 5,257 in 1974, increasing at an annual rate of 10.2 percent. With the recent unification of the City of Anchorage and the Greater Anchorage Area Borough, the future rate of growth in employment is expected to decline.

Fairbanks area employment remained rather stable from 1970 through 1973 increasing only 4.9 percent. With pipeline construction beginning in 1974, local government employment in Fairbanks for that year, increased 30 percent to 1,496. Employment within the Juneau area increased 48 percent during the period 1970 74, reaching a level of 805; and Ketchikan's employment increased 39 percent. Within the same time span, Kodiak's employment of government workers increased 39 percent; Kenai Peninsula area employment increased 35 percent; Nome increased 21 percent; Sitka increased 8.2 percent; and the Wrangell - Petersburg area increased 53 percent.

In the following table, it can be readily seen that the main reason for the smaller than normal increase in the property tax category is a result of the decline in property tax revenue of the Greater Anchorage Area Borough, amounting to 7.4 percent. Sales tax receipts within the Fairbanks area rose 53 percent during FY 75, accounting for the majority of the large increase in aggregate sales taxes while property tax revenues increased 25 percent. In the Ketchikan area, property tax revenue increased 13 percent and sales taxes rose 8.8 percent. Property tax revenue in Juneau rose 11.1 percent and sales tax receipts jumped 25 percent, partially as the result of the mid year special tax increase of one percent to fund a local ski area. Intergovernmental revenues increased 5.5 percent in Anchorage, 16 percent in Fairbanks, 33 percent in Ketchikan, and 6.5 percent in Juneau.

In the Anchorage area, expenditures for general government increased 17 percent, public safety 40 percent, public works 25 percent, and education 13 percent; while in the Fairbanks area general government increased 35 percent, public safety 23 percent, public works 9.5 percent, and education jumped a substantial 65 percent as the result of a major increase in capital improvements and a 22 percent increase in operating costs. In Ketchikan, public safety increased 19 percent, and education increased 13 percent while the increases were 33 and 14 percent respectively in Juneau.

During FY 76 local government expenditures should demonstrate a considerable increase in the Anchorage and Fairbanks areas. These increases will be necessary in order to meet the additional demands for services resulting from the continued influx of population due to the current overall expansion of these areas' economies and from the construction of the pipeline.

LOCAL GOVERNMENT*
REVENUES AND EXPENDITURES
FY 1970, 1974 AND 1975
(In Millions of Dollars)

Category	FY 1970	FY 1974	FY 1975
		Revenue	
Property Taxes	$27.8	$ 51.2	$ 51.8
Sales Taxes	6.7	9.8	13.8
Other	9.2	28.9	37.2
Total Local Sources	$43.7	$ 89.8	$102.7
Intergovernmental	40.7	99.0	120.0
Total All Sources	$84.4	$188.8	$222.7
		Expenditures	
General Government	$ 7.3	$ 21.7	$ 24.8
Public Safety	7.1	16.2	21.9
Public Works	3.9	6.7	7.6
Education	47.1	86.3	106.6
Debt Service	10.6	20.2	21.8
Other	9.3	26.0	34.6
Total	$85.3	$177.2	$218.0

*Aggregate statistics for the cities and boroughs of Anchorage, Fairbanks, Juneau, and Ketchikan.

Area Profiles

Anchorage

Cosmopolitan Anchorage is located between the Knik and Turnagain Arms of Cook Inlet on the north, south and west, and the Chugach mountain range on the east. With an estimated population of 177,817 on July 1, 1975, Anchorage is the largest Alaskan city, accounting for 44 percent of the State's population on that date. Of the total resident population, 12,212 persons are military personnel assigned to Elmendorf Air Force Base or to Fort Richardson Army Base.

Current Trends

The year 1975 saw a continuation of the boom conditions in Anchorage. With six months of data for 1975, the labor force recorded an increase of 16 percent over the same period in 1974. Total employment rose 19 percent, with the bulk of the advance centered in the nonagricultural industries. All major industries experienced substantial increases in employment, especially construction, and as a result, unemployment declined by 16 percent.

The administrative offices of many oil and hard-rock mining development companies, expanded with activities related to the oil pipeline and the increased interest in OCS and Pet-4 exploration and development. This trend was reflected in a 30 percent increase in mining employment during 1975. Construction employment rose nearly 50 percent due to substantial increases in commercial and home building activities. In 1976, as the construction phase of the pipeline winds down, the need for the transportation of materials will decline and employment in the transportation, communications, and public utilities sector may record a decline in employment from the gain of 35 percent in 1975. A moderate increase of eight percent in total government employment was noted for 1975, as Federal Government grew by four percent, and State Government by 11 percent. With the headquarters for all major Alaskan financial institutions located in Anchorage, advances in the area of finance, insurance and real estate have been notably high in past years. In 1975, this trend continued, and with the addition of two new banks, and a number of new branches, employment in finance - insurance and real estate rose 29 percent.

Building permits in the Anchorage area amounted to almost $243 million in 1975 for a 50 percent gain over 1974. The number of homes built in Alaska last year was the highest in the State's history, and two-thirds of this volume was in the Anchorage area. A total of 4,008 dwelling units were authorized for Anchorage in 1975, a 42 percent increase over the previous year. Major construction projects in Anchorage for 1975, some of which are still under construction, include the Federal Office Building Complex, a $5 million parking structure, and a control tower and post office at Anchorage International Airport.

Fiscal statistics for the expanding Anchorage International Airport were all up, with revenue reaching an all time high of over $12 million, a gain of 20 percent from 1974. Passenger traffic rose approximately 25 percent from 1,253,807 in 1974 to 1,565,803 in 1975, and air freight increased by over 40 percent from 87,378 short tons to 124,294 short tons in 1974 and 1975 respectively.

The Anchorage Consumer Price Index, which serves as an indicator for the entire State, rose more than 12 percent between October 1975 to reach 157.4. Moderate increases occurred in food, apparel and upkeep, transportation, and health and recreation, with the highest increase noted in housing. The index on January 1976, fueled by the jump in the housing and transportation components, showed an 11 percent gain over January 1975. The other components of the index decreased or stayed about the same.

Fairbanks

Fairbanks, Alaska's second largest urban area, had a total resident population on July 1, 1975 of 55,517 persons including 6,127 military personnel. A number of recent trends has greatly affected the growth of this community. Included among some of the more major influences are the development of the North Slope, the construction of the trans-Alaska pipeline, and the economic activities of the Natives and Native corporations.

Current Trends

The recent rapid expansion experienced by most of the industries in the Fairbanks labor market area, is reflected in the rise of the area's employment. In 1975, total employment rose roughly 48 percent from its 1974 level. During this same period, non-agricultural employment increased almost 60 percent while the number of persons unemployed declined 15 percent. Employment was influenced significantly by the establishment of pipeline construction camps within the labor area boundaries.

Dramatic employment increases during 1975 were experienced in a number of industries. The construction industry recorded a tripling in its employment from the 1974 average of 1,255. The average annual employment in the transportation, communication and public utility industry rose more than 95 percent in 1975. And although Federal Government employment experienced a slight decline last year, this was more than offset by the nearly 14 percent rise in State and local government employment, resulting in an overall employment gain during 1975 of almost seven percent. Manufacturing employment nearly doubled in 1975 from the 1974 average, and the trade and service industries, stimulated by the pipeline activity, recorded annual employment gains in 1975 of more than 50 percent for trade and 100 percent for services.

The total value of building permits authorized during 1975 amounted to a record $138 million. This valuation was almost triple that of the $47 million recorded in 1974. Led by the large $35 million permit for the expansion of the Golden Valley Electric Association's North Pole Power Plant, the valuation of nonresidential construction accounted for $94 million or 68.0 percent of the total 1975 building permit value. Permits for other large nonresidential projects include a $6 million permit for the Fairbanks Plaza Hotel and one for the Fairbanks State Regional Office Building valued at $3.4 million.

A petroleum refinery, to be fed from the trans-Alaska oil pipeline, is being developed in the Fairbanks area by Earth Resources Company. Construction should begin by June 1976 and completed in the fall of 1977. The cost of construction is estimated at $30 million.

With a residential vacancy rate of 0.6 percent in the spring of 1975, residential construction in the Fairbanks area moved forward at a rapid pace, ending the year with building permits authorizing 1,045 new dwelling units, and a value of $44 million. This compares to the 607 dwelling units valued at nearly $21 million authorized in 1974.

Pipeline activity and a growing tourist sector have contributed to the substantial increase in the number of passengers handled at Fairbanks International Airport. In 1975, the total for in-out passengers amounted to 653,585, (or approximately ten times the population of the area) for a gain of 49 percent over 1974's total of 438,654. This compares to a 25 percent increase in passenger traffic at the Anchorage International Airport during the same period. Air freight was up 8.5 percent from 166,110 short tons in 1974 to 180,202 short tons in 1975. Fairbanks is also served by the Alaska Railroad system which carries tourists and freight from as far south as Whittier and Seward.

Juneau

Although it has been 20 years since mining operators were active in Juneau, tourists and residents can be found panning for gold in the same streams which originally brought prospectors to the area. Many of the homes and buildings constructed by the first Juneauites still remain and add a rustic touch to this modern State Capital.

History

In 1794, Captain George Vancouver, in his travels within Southeast Alaska, sailed up the Gastineau Channel. However, the Juneau area remained inhabited by only Auke Indians until Dick Harris and Joe Juneau arrived from Sitka in 1880 to prospect for gold. In mid-August of that year the two men found gold bearing quartz and rich gravels in the Gold Creek Basin. Upstream they established a number of lode and placer claims and returned to Sitka with nearly 1,000 pounds of ore.

By spring of 1881 virtually the whole Juneau - Douglas area was being prospected. The rich Treadwell mines of Douglas Island were discovered and the population grew rapidly. The region was considered the "mining center of Alaska", and Juneau's mines, during their productive years, were the largest lode gold mines in the world.

Besides the placers, there were seven productive lode mines in the district by 1903. The Juneau "Gold Belt" extended from Windham Bay northward to the head of Lynn Canal. The total production of the gold belt through January 1, 1904, was estimated at over $28 million, 85 percent of which was attributed to the Treadwell mines. In 1917, the Treadwell mine had a cave-in which severely retarded the mining industry in Juneau. The Alaska - Juneau mines increased activity and became the largest producer in the area, but in 1944, due to wartime inflation and labor shortages, all mining operations in the gold belt ceased. After the war, with continued inflation, the cost of producing gold was so high that it made operations unprofitable. A fire in the 1960's destroyed all but the foundation of the A-J Mill Building.

The capital of the Territory of Alaska was moved to Juneau from Sitka in 1900; and with the decline in mining, government provided employment and stability to the economy. Fishing, logging and tourism also increased in importance.

Although some small sawmills were reported operating in the Juneau area as early as 1883, it wasn't until after the turn of the century that the larger mills such as Alaska Plywood, Juneau Lumber, Juneau Spruce and Columbia Lumber, were established. Juneau Spruce Company took over Juneau Lumber Company in 1947, but it suffered losses from a fire in 1949. Alaska Plywood closed temporarily due to the collapse in the plywood market that occurred between 1954 and 1958, and shortly after it reopened, the plant was destroyed by fire. The timber industry in Juneau faded out after Columbia Lumber sold their property to the Alaska Steamship Company in the early 1960's. In recent years, there was brief hope that a pulp mill might be built at Berner's Bay, but these plans also faded due to environmental litigation. The potential for a renewed timber industry exists in Juneau and there are several Native corporations interested in developing the timber resources on Admiralty Island.

Until the recent declines in the salmon industry, the fresh fish market was active in the area. Because of Juneau's cold storage plant, fish were brought in from Icy Straits, Lynn Canal, Stevens Passage and the Pacific Ocean as far west at Yakutat. When the catch was much larger, several seafood canneries operated in Juneau. The cold storage plant was also involved in canning operations as well as bottling soft drinks and making ice for commercial use.

Population

At the turn of the century there were 4,881 persons residing in the Juneau area. The 1940 population was 8,563 and by 1960 it had increased to 10,675. Total resident population in Juneau jumped 31 percent from 13,556 in 1970 to 17,714 in July 1975, partially reflecting the rapid growth in government employment.

Current Trends

The total labor force in 1975 increased approximately 11 percent over 1974. Total employment, however, increased at a slightly greater rate resulting in a three percent decline in unemployment. Between 1974 and 1975, increases in almost every industrial sector in Juneau was reflected in a nine percent gain in nonagricultural employment.

Several large construction projects began to wind down in 1975, resulting in a 21 percent decline in contract construction employment. With the establishment of several small manufacturing businesses in Juneau during 1975, total manufacturing employment rose 18 percent from 104 in 1974. Government is the largest employer in the area and in 1975 there were increases of 1.8 percent in Federal Government and 13 percent in State and local government employment. Also during this period employment in the transportation, communications and public utilities industry rose nearly seven percent. With the addition of several new shopping areas, trade employment increased by eight percent, and a steadily growing services industry had a ten percent increase in personnel.

JUNEAU EMPLOYMENT INDICATORS

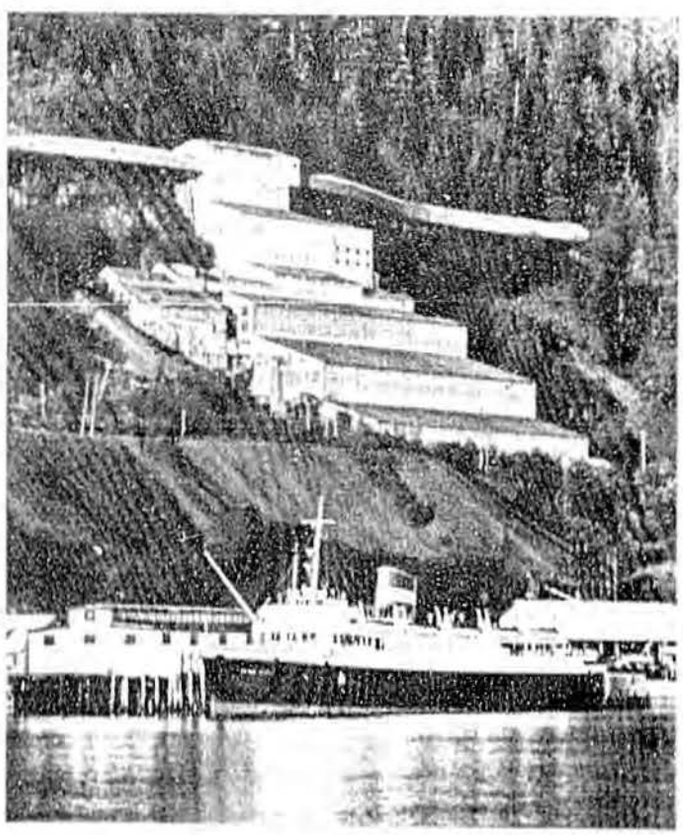
	1970	1973	1974
Total Civilian Labor Force	6,985	8,560	9,153
Total Unemployment	327	478	588
Percent of Labor Force	4.7	5.6	6.5
Total Employment	6,658	8,082	8,565
Total Nonagricultural	6,497	7,982	8,399
Mining	D	D	D
Contract Construction	279	594	488
Manufacturing	84	82	104
Transp., Commun., Pub. Utilities	565	609	668
Trade	812	1,121	1,152
Finance, Insurance, Real Estate	146	243	289
Service	570	802	943
Miscellaneous	D	D	D
Government	4,011	4,492	4,723
Federal	1,198	966	942
State/Local	2,813	3,528	3,786

D = Data withheld to avoid disclosure of individual operations.
Source: Alaska State Department of Labor.

Major construction projects for 1975 included the million dollar court and office building and a four-lane highway between Juneau and the Mendenhall Valley, in addition to several shopping areas. By year-end, construction of 144 dwelling units were authorized, compared to 102 units in 1974, and the total value of all building permits issued increased 20 percent during that same time period, to $10,938,300.

The Juneau Cold Storage Company which normally processes approximately five million pounds of fish per year, processed well below four million pounds in 1975. Canning operations at the company have recently been kept at a minimal level. Due to adverse market conditions no production is expected in the area of canning, for 1976. The potential for development of a frozen herring market in Japan could stimulate additional activity in 1976.

The Juneau tourism industry grew in 1975, with more Marine Highway passengers disembarking in Juneau than at any other Southeast port of call. Approximately 45,000 passengers arrived by the ferry system, an 11 percent increase from 1974. The number of airport passengers into Juneau in 1975, also recorded an advance, rising by 1.4 percent to 107,436. It is anticipated that the new Eaglecrest Ski area will promote an influx of ski enthusiasts to the area during the coming winter season.



Ketchikan

Although it has a narrow economic base, primarily centered around the activities of the mining, fisheries and timber industries, the economy of the Ketchikan area has been fairly stable throughout the years.

History

Ketchikan "the Gateway City" is the most southern major city in Alaska, and the first Alaskan port of call. The early inhabitants of the area were the Tlingit Indians, who created the beautiful and intriguing totem poles which serve as a link to the history and culture of their people, providing an incomparable attraction for the tourist in Ketchikan.

Due to excellent salmon spawning conditions in the area, fish canneries were among the first companies to operate in Ketchikan, but it was mining that brought settlers to the area. Copper was the primary mineral mined in Ketchikan area at the turn of the century but the slump in the price of copper in 1907 was disastrous to mining projects. Many of the mines gradually closed and others operated on only a part-time basis.

With the decline in mining, the fisheries industry became increasingly important. A number of salmon canneries operated in the area in addition to a cold storage facility for freezing fish. But by the beginning of the 1970's the supply of salmon was so depleted that the canneries had to close or operate on only a part-time basis.

The Ketchikan Power Company, later called the Ketchikan Spruce Mill (KSM), began operations in the area in 1903. In KSM's early years, one of the major outlets for its products was the fisheries industry, which purchased wooden boxes to pack and ship fish. However, with the advent of cardboard boxes in the 1940's, this type of specialized production came to an end. To stabilize the company, lumber yards were set up in other areas of Alaska, and in 1963 the rise in lumber exports to Japan led to an increase in timber production. Today, the timber industry remains as one of the largest employers in Ketchikan. A substantial portion of the area's present day employment is attributable to the Ketchikan Pulp Company, its subsidiary mills, and the 32 logging camps associated with the pulp company.

Population

The population of Ketchikan has grown at a fairly moderate rate. The first 20 years after incorporation in 1900 were quite expansive, with an average growth of 21 percent each decade. From 1920 through 1970, growth was more gradual. Estimates by the State Department of Labor places Ketchikan's July 1, 1975 population at 13,075, a rise of 12 percent since 1970. The 1975 population also includes approximately 128 military personnel who were located in the Ketchikan area.

Current Trends

The number of persons in Ketchikan's civilian labor force increased moderately during the past five years, with an overall gain of eight to ten percent. At the same time however, unemployment doubled. This trend was similar in 1975 with the total labor force four percent above the 1974 level of 6,810 and unemployment 14 percent higher than that experienced in 1974. Therefore nonagricultural employment recorded a slight decrease between 1974 and 1975. Although government is a major employer in Ketchikan, the economy depends to a significant degree on the fish and timber industries, both of which have experienced marked declines in recent years.

Ketchikan reported a 13 percent decline in contract construction employment between 1973 and 1974, and an even greater decrease between 1974 and 1975. The volume of contract construction in the early 1970's was quite high, and included a major school project in addition to the Ketchikan airport. Hence, the number of persons working in contract construction reached a peak in 1973, but as the school project and airport reached completion, employment began to decline. With no large construction projects in 1975, employment figures again dropped. Although construction employment was minimal in Ketchikan during 1975, there was a 23 percent increase in the number of dwelling units. Major construction plans for 1976 include a $6.5 million Loran C Station, a new post office, widening of the road to the Coast Guard base, and the Totem Heritage Center, in addition to plans for waterfront development. Even though manufacturing employment rose between 1970 and 1974, the declining production of canneries and timber manufacturing companies caused the 1975 employment total to decline 20 percent from the 1,494 employed in 1974. There have been annual increases in government employment since 1970, with most of the gains centered in the State and local government sector. Last year total government employment increased 15 percent with State and local government rising 17 percent and Federal Government recording only a small percentage gain. Employment in the transportation, communications and public utilities industry had a decline of ten percent between 1974 and 1975, while the trade and services industries registered gains of six percent and ten percent respectively, during that same period.

KETCHIKAN EMPLOYMENT INDICATORS

	1970	1973	1974
Total Civilian Labor Force	5,073	6,266	6,810
Total Unemployment	484	652	802
Percent of Labor Force	9.5	10.4	11.8
Total Employment	4,589	5,614	6,008
Total Nonagricultural	4,391	5,452	5,800
Mining	D	D	D
Contract Construction	236	445	370
Manufacturing	1,080	1,383	1,494
Transp., Commun., Pub. Utilities	377	579	628
Trade	701	836	982
Finance, Insurance, Real Estate	116	D	D
Service	548	561	571
Miscellaneous	D	D	D
Government	1,234	1,436	1,528
Federal	234	200	226
State/Local	997	1,236	1,302

D = Data withheld to avoid disclosure of individual operations.
Source: Alaska State Department of Labor.

Ketchikan has served as a support center for a number of exploration activities in mining over the years. In 1975, there was an announcement of a molybdenum discovery in the area. If production proves feasible, the project could produce a potential ore body of 100 million tons of molybdenum disulfide and employment for up to 1,000 persons during the construction phase, and 500 during the production phase.

Ketchikan Pulp Company (KPC), is one of the major employers in the area. In addition to a possible decline in production due to the clear-cutting ban on timber, KPC was also faced with the expensive task of providing the mandated secondary treatment facilities for its pulp mill wastewater disposal. KPC indicated that they were unable to afford the $32 million treatment facility in 1976, and after considering the effect that the closure of the mill would have on the economy of the Ketchikan area, the U.S. Environmental Protection Agency granted KPC an extension of time until January 1, 1977. The potential closure of the KPC mill hangs heavily over the area, acting as a depressant on the economy.

Statistical Section

1 AMOUNT AND VALUE OF MINERAL PRODUCTION IN ALASKA 1971-1975

	1971	1972	1973	1974	1975 P
Petroleum:					
Value ($000)	$257,562	$235,444	261,877	$347,408	$360,371
Volume-M42-gal. barrels	79,494	72,893	72,323	70,603	69,975
Value per barrel	$ 3.24	$ 3.23	$ 3.62	$ 4.92	$ 5.15
Natural Gas:					
Value ($000)	$ 17,878	$ 18,463	$ 19,483	$ 21,919	$ 33,427
Volume-MMCF	121,618	125,596	131,007	128,935	135,331
Value per MCF	$ 0.147	$ 0.147	$ 0.149	$ 0.170	$ 0.247
Sand & Gravel:					
Value ($000)	$ 32,806	$ 15,214	$ 19,913	$ 52,788	$100,041
Volume-m short tons	23,817	14,187	14,999	117,752	69,694
Value per short ton	$ 1.38	$ 1.07	$ 1.33	$ 0.45	$ 1.44
Gold:					
Value ($000)	$ 537	$ 506	$ 695	$ 1,461	$ 2,596
Volume-troy ounces	13,012	8,639	7,107	9,146	16,000
Value per troy ounce	$ 41.24	$ 58.57	$ 97.79	$ 159.74	$ 162.25
Coal & Lignite:					
Value ($000)	$ 14,040	$ 16,511	$ 26,821	$ 14,861	$ 27,619
Total Value ($000)	$322,823	$286,038	$328,789	$438,437	$524,054

P—Preliminary
*Includes lode and bituminous sandstone, peat, silver, copper, mercury, natural gas liquids, platinum group metals and tin

Source: U.S. Department of the Interior, Bureau of Mines and the Federal Energy Administration; Department of Commerce and Economic Development

2 VOLUME OF TIMBER HARVESTED BY LAND OWNERSHIP CATEGORY IN ALASKA 1959-1975 (In Thousands of Board Feet)

Year	National Forest Lands	State Land	Other	Total
1959	274,187		11,724	285,900
1960	351,109	210	14,181	365,500
1961	345,323	1,987	11,290	358,600
1962	373,432	6,872	5,896	386,200
1963	398,992	10,633	3,575	413,200
1964	445,109	18,144	5,647	468,900
1965	404,498	24,161	3,241	431,900
1966	475,494	31,220	8,469	515,200
1967	476,815	45,816	12,469	535,100
1968	533,302	47,974	9,000 E	590,300 E
1969	523,340	49,018	9,500 E	581,900 E
1970	560,975	53,568	41,648	656,191
1971	529,425	43,191	35,948	608,562
1972	550,521	50,591	24,098	625,210
1973	591,600	38,356	48,820	678,776
1974	549,600	51,200	29,625	630,425
1975	413,000	33,500	22,150	468,750

E—Estimate
*Original and Cook Inlet—Kenai

Source: Column I: U.S. Forest Service
Column II: Alaska State Department of Natural Resources, Division of Lands
Column III: Bureau of Land Management, Bureau of Indian Affairs, and private lands

3 VALUATION OF TIMBER HARVESTED BY SELECT LAND OWNERSHIP IN ALASKA 1960-1975

Year	National Forest Lands	State Lands	Total
1960	$ 875,812	$ 629	$ 876,441
1961	929,018	5,769	934,787
1962	949,114	19,990	969,104
1963	940,544	22,107	962,651
1964	915,098	59,151	974,249
1965	841,851	57,041	898,892
1966	1,115,753	73,728	1,189,481
1967	1,367,742	164,782	1,532,524
1968	1,961,358	162,210	2,123,568
1969	2,509,953	219,786	2,729,739
1970	4,417,721	229,101	4,646,822
1971	4,882,799	246,090	5,128,889
1972	3,620,923	401,133	4,022,056
1973	4,056,293	218,357	4,274,650
1974	5,841,331	376,500	6,217,831
1975	3,370,000	430,486	3,800,486

Note: In 1975, the volume of timber harvested from national forests and state lands accounted for 98.6 percent, with a remaining 1.4 percent of all timber harvested in the state.

Source: U.S. Forest Service, Division of Lands; Alaska State Department of Natural Resources; and the Division of Economic Enterprise, Department of Commerce and Economic Development.

4 ANNUAL AVERAGE EMPLOYMENT AND PAYROLLS IN THE ALASKAN FOREST PRODUCTS INDUSTRY* 1960-1974

Year	Annual Average Employment	Payroll
1960	2,316	$18,300,000
1961	1,700	13,900,000
1962	1,833	14,900,000
1963	2,000	17,300,000
1964	2,133	19,800,000
1965	2,308	21,800,000
1966	2,324	23,200,000
1967	2,572	27,600,000
1968	2,519	29,200,000
1969	2,551	31,600,000
1970	2,758	36,700,000
1971	2,763	37,800,000
1972	2,812	40,900,000
1973	3,199	49,800,000
1974	3,639	63,300,000
1975	3,431 E	62,500,000 E

E - Estimate

*Includes logging, sawmilling and plywood industries.

Source: Alaska State Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development.

5 PRODUCTION BY TYPE OF WOOD PRODUCTS FROM TREES HARVESTED IN THE CHUGACH AND TONGASS NATIONAL FORESTS IN ALASKA 1966-1974

Year	Product	Logs Consumed (MBF)	Quantity of Chips Consumed (Units*)	Quantity of Production (MBF)	Tons
1966	Pulp	379,000	4,336	--	383,336
	Export Cants	71,237	--	87,773	--
	Lumber	11,439	--	13,727	--
	Export Cedar Logs	5,823	--	5,823	--
1967	Pulp	383,900	1,739	--	385,639
	Export Cants	105,360	--	131,713	--
	Lumber	7,321	--	8,785	--
	Export Cedar Logs	5,700	--	5,700	--
1968	Pulp	379,400	14,200	--	393,600
	Export Cants	139,700	--	200,200	--
	Lumber	7,400	--	8,800	--
	Export Cedar Logs	7,500	--	7,500	--
1969	Pulp	354,000	40,200	--	394,200
	Export Cants	191,930	--	264,750	--
	Lumber	18,190	--	23,800	--
	Export Cedar Logs	11,000	--	11,000	--
1970	Pulp	305,700	44,800	--	350,500
	Export Cants	219,300	--	280,700	--
	Lumber	7,600	--	9,700	--
	Export Cedar Logs	13,000	--	13,000	--
1971	Pulp	300,180	103,110	--	403,290
	Export Cants	205,730	--	254,220	--
	Lumber	5,770	--	7,067	--
	Export Cedar Logs	13,000	--	13,000	--
1972	Pulp	276,500	95,800	--	394,500
	Export Cants	247,800	--	296,336	--
	Lumber	3,000	--	3,418	--
	Export Cedar Logs	25,300	--	25,300	--
1973	Pulp	286,100	110,200	--	386,166
	Export Cants	307,910	--	407,497	--
	Lumber	10,040	--	12,383	--
	Export Cedar Logs	11,390	--	15,563	--
1974	Pulp	257,200	55,800	--	363,192
	Export Cants	255,400	--	354,675	--
	Lumber	53,200	--	72,284	--
	Export Cedar Logs	12,000	--	17,640	--

6 ALASKAN FOREIGN IMPORT TRADE BY COUNTRY OR REGION OF ORIGIN
(In Thousands of Dollars)

Country or Region of Origin	1970	1971	1972	1973	1974	1975 P
Japan	$ 42,877	$19,860	$ 9,519	$ 6,805	$ 37,545	$152,984
Canada	25,530	10,014	14,679	12,283	65,628	120,449
Europe	965	1,611	1,465	1,397	2,000	12,099
Central & South America	6,848	7,860	9,145	1,349	8,143	13,903
Other*	30,637	14,156	10,337	27,139	62,884	52,230
Total	$106,857	$ 53,501	$ 45,145	$ 48,973	$165,588	$351,665

P = Preliminary

*Included in the other category are various countries exporting increasing quantities of oil products to Alaska.

Source: U.S. Department of Commerce and the Division of Economic Enterprise, Department of Commerce and Economic Development

7 ALASKAN FOREIGN IMPORTS BY COMMODITY
(In Thousands of Dollars)

Commodity	1970	1971	1972	1973	1974	1975 P
Halibut, fresh or chilled	$ 1,993	$ 2,030	$ 3,286	$ 2,414	$ 225	$ 1,937
Oil well casing	761	129	343	--	1,382	7,217
Iron or steel articles	154	94	59	178	8,328	60,168
Parts for shovels, scrapers, etc.	--	--	--	--	--	7,067
Jet fuel	6,555	12,175	16,419	19,187	56,799	63,141
Steel pipe	41,622	17,771	124	242	4,463	82,941
Articles of wood	314	97	308	749	17,345	10,896
Hangers, buildings, etc.	2,916	304	270	196	2,831	5,511
Drill & boring machines				9		6,569
Columns, pillars & posts	847	967	148	--	3,927	19,961
Hydraulic cement	863	471	1,183	1,107	1,086	1,780
Asbestos, chrysotile	5,821	71	1,444	--	2,143	2,421
Other goods	45,011	19,392	21,567	24,891	77,671	82,056
Total	$106,857	$ 53,501	$ 45,145	$ 48,973	$176,200	$351,665

P = Preliminary

Source: U.S. Department of Commerce and the Division of Economic Enterprise, Department of Commerce and Economic Development

8 ALASKAN FOREIGN EXPORTS BY SELECTED MAJOR COMMODITIES
(Value In Thousands of Dollars)

Commodity	1970	1971	1972	1973	1974	1975 P
VALUE						
Logs & Lumber	$ 36,101	$ 29,386	$ 46,037	$100,187	$ 87,738	$ 77,157
Pulp	29,939	31,416	35,147	30,880	65,290	55,097
Natural Gas	23,417	26,189	25,624	24,592	38,028	63,087
Urea	2,555	4,464	4,315	6,743	24,616	31,812
Ammonia	2,101	2,293	2,173	3,243	11,658	14,663
VOLUME						
Logs & Lumber (MBF)	412,060	291,698	405,279	478,016	395,358	342,861
Pulp (Short Tons)	197,023	185,150	203,222	152,947	188,313	143,772
Natural Gas (MMCF)	43,616	50,228	46,724	42,997	53,423	47,401
Urea (Short Tons)	49,596	88,824	135,103	121,908	139,372	137,957
Ammonia (Short Tons)	82,897	83,446	86,696	99,825	96,406	111,756

P = Preliminary

Source: U.S. Department of Commerce and the Division of Economic Enterprise, Department of Commerce and Economic Development

9 TOTAL ALASKA FOREIGN EXPORTS* BY COUNTRY OR REGION OF DESTINATION (In Thousands of Dollars)

Country or Region of Destination	1970	1971	1972	1973	1974	1975 P
Japan	$100,340	$105,771	$132,804	$178,805	$192,582	$191,591
Canada	10,479	3,373	25,990	1,782	2,516	1,914
India	4,903	2,196	3,170	2,798	3,377	20,113
Europe	2,926	1,833	2,394	2,084	1,262	4,384
Other	11,236	12,943	16,304	19,581	60,834	46,939
Total	$129,884	$126,116	$180,662	$205,050	$260,571	$264,942

P = Preliminary

* Includes goods transhipped through Alaska from other States, i.e., an aircraft sale routed through Anchorage Customs District to the Orient, etc.

Source: U.S. Department of Commerce and the Division of Economic Enterprise, Department of Commerce and Economic Development

10 POPULATION GROWTH IN THE CENSUS DIVISIONS OF ALASKA, 1960, 1970-1975

Census Division	April 1 1960 Census	April 1 1970 Census	July 1, 1971 Estimate	July 1, 1972 Estimate	July 1, 1973 Estimate	July 1, 1974 Estimate	July 1, 1975 Estimate
Aleutian Islands	6,011	8,057	7,896	7,245	6,914	7,714	7,086
Anchorage	82,833	126,333	135,777	144,215	149,440	153,112	177,817
Angoon	540	503	485	484	402	481	481
Barrow	2,133	2,663	2,869	2,539	2,583	3,234	6,454
Bethel	5,537	7,767	8,232	8,644	7,906	8,496	8,576
Bristol Bay Borough	807	1,147	1,027	1,121	1,199	1,239	1,914
Bristol Bay	3,217	3,485	3,200	3,573	3,659	3,875	3,847
Cordova - McCarthy	1,759	1,857	1,941	1,874	1,982	1,960	2,003
Fairbanks	41,089	45,864	44,415	46,058	45,571	50,762	55,517
Haines	875	1,504	1,647	1,778	1,902	2,054	2,069
Juneau	9,745	13,556	14,564	15,079	16,593	17,195	17,714
Kenai - Cook Inlet	6,097	14,250	14,289	13,923	13,808	13,962	15,621
Ketchikan	8,794	10,041	10,106	10,558	10,587	11,522	11,311
Kobuk	3,560	4,434	4,733	4,597	4,352	4,807	4,548
Kodiak	7,174	9,409	9,723	8,703	8,868	9,232	8,801
Kuskokwim	2,301	2,306	2,371	2,359	2,484	2,677	2,721
Matanuska - Susitna	5,188	6,509	7,337	8,366	8,586	9,787	12,462
Nome	6,091	5,749	5,743	5,857	5,682	7,001	6,660
Outer Ketchikan	1,276	1,676	1,632	1,660	1,641	1,703	1,764
Prince of Wales	1,772	2,106	1,792	2,049	1,992	2,525	2,502
Seward	2,956	2,336	2,593	2,386	2,446	2,683	3,149
Sitka	6,150	6,109	5,977	6,069	6,010	6,428	6,595
Skagway - Yakutat	2,070	2,157	2,157	2,135	2,205	2,476	2,732
Southeast Fairbanks	2,323	4,179	4,020	4,113	4,285	4,504	5,894
Upper Yukon	1,619	1,684	1,762	1,817	1,655	2,642	8,780
Valdez - Chitina - Whittier	2,844	3,098	2,949	3,487	3,568	3,833	9,639
Wade Hampton	3,128	3,917	3,924	3,823	3,878	4,164	4,284
Wrangell - Petersburg	4,181	4,913	4,986	4,960	5,085	5,848	5,270
Yukon - Koyukuk	4,097	4,752	4,780	4,809	5,082	5,243	8,423
Total State	226,167	302,361	312,930	324,281	330,365	351,159	404,634

Source: State Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development

11 ESTIMATED POPULATION CHANGE IN ALASKA BY POPULATION COMPONENT, 1960-1975

Year	Number of Births	Number of Deaths	Natural Increase In Population	Estimated Net Migration	Total Increase In Population	Population at Year End	Migration as a % of Increase
1960	7,518	1,265	6,253	+ 2,148	8,401	232,468	25.6
1961	7,586	1,283	6,303	+ 972	7,275	239,743	13.4
1962	7,675	1,308	6,367	+ 251	6,618	246,361	3.8
1963	7,676	1,332	6,344	- 1,151	5,193	251,554	*
1964	7,266	1,438	5,828	+ 1,816	7,644	259,198	23.8
1965	7,063	1,400	5,663	+ 3,488	9,151	268,349	38.1
1966	6,605	1,333	5,272	+ 1,084	6,356	274,705	17.1
1967	6,317	1,297	5,020	+ 1,668	6,688	281,393	24.9
1968	6,453	1,353	5,100	+ 3,227	8,327	289,720	38.8
1969	6,913	1,300	5,613	+ 4,428	10,041	299,761	44.1
1970	7,560	1,431	6,129	+ 2,812	8,941	308,702	31.5
1971	7,312	1,455	5,857	+ 4,047	9,904	318,606	40.9
1972	6,948	1,467	5,481	+ 3,236	8,717	327,323	37.1
1973	6,611	1,464	5,147	+ 8,292	13,439	340,762	61.7
1974	7,006	1,468	5,538	+31,597	37,135	377,897	85.1
1975	7,384 P	1,476 P	5,908	+27,995	33,903	411,800	82.6

P - Preliminary
* Minus Annual Emigration

12 PERSONAL INCOME IN ALASKA BY SOURCE (In Millions of Dollars)

Source	1959	1965	1969	1970	1971	1972	1973	1974	1975E
Wage and Salary Disbursements	$ 458	$ 716	$1,128	$1,253	$1,359	$1,471	$1,597	$2,143	$3,285
Other Labor Income	11	23	35	41	48	58	64	81	143
Proprietor's Income	42	50	68	74	84	88	90	95	115
Total Labor & Proprietor's Income by Place of Work	$ 511	$ 739	$1,231	$1,368	$1,491	$1,617	$1,751	$2,319	$3,543
Less: Personal Contributions for Social Insurance	16	23	46	49	63	88	108	157	253
Plus: Residency Adjustment	--	--	57	67	69	71	75	223	430
Net Labor & Proprietor's Income by Place of Residence	$ 495	$ 766	$1,129	$1,252	$1,358	$1,458	$1,564	$1,939	$2,860
Plus: Dividends, Interest and Rent	34	51	69	81	89	109	133	162	181
Plus: Transfer Payments	22	35	58	79	102	121	260	223	191
Personal Income by Place of Residence	$ 550	$ 851	$1,257	$1,412	$1,549	$1,687	$1,957	$2,323	$3,232
Per Capita Income (In Dollars)	$2,498	$3,154	$4,246	$4,644	$4,916	$5,195	$5,923	$6,890	$7,988
Total Population (Thousands)	224.2	269.8	296.0	304.0	315.0	324.8	330.4	337.0	404.6

13 NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT IN ALASKA, BY INDUSTRY, 1970-1975
(In Thousands)

Industry	1970	1971	1972	1973	1974	1975 E	Percent Change 1974-1975
Mining	3.0	2.4	2.1	2.0	3.0	4.3	+43.3
Metal Mining	0.2	0.1	0.1	0.2			
Oil & Gas	2.6	2.1	1.8	1.8	2.6		
Other Mining	0.1	0.2	0.2	0.2	0.2		
Contract Construction	6.9	7.4	7.9	7.8	14.1	27.2	+92.9
Manufacturing	7.8	7.8	8.1	9.4	9.6	8.9	- 7.3
Food Processing	3.7	3.6	3.7	4.6	4.3		
Logging, Lumber & Pulp	2.8	2.8	2.8	3.2	3.3		
Other Manufacturing	1.3	1.4	1.5	1.6	1.7		
Transportation, Communication & Public Utilities	9.1	9.8	10.0	10.4	12.4	15.9	+28.2
Trucking & Warehousing	1.7	1.5	1.6	1.5	2.2		
Water Transportation	0.8	0.8	0.9	1.0			
Air Transportation	3.1	2.8	3.0	3.3	4.0		
Other Transportation	0.9	1.0	1.0	1.1	1.3		
Communication & Public Utilities	2.7	3.7	3.6	3.6	3.8		
Trade	15.4	16.1	17.1	18.3	21.1	25.7	+21.8
Wholesale	3.2	3.2	3.3	3.4	4.0		
Retail	12.1	12.9	13.8	14.9	17.1		
General Mdse. & Apparel	3.4	3.4	3.6	3.8	4.1		
Food Stores	1.7	1.8	1.8	1.8	2.0		
Eat. & Drink. Establishments	2.8	3.2	3.3	3.8	4.9		
Other Retail	2.6	2.7	3.0	3.1	3.4		
Finance, Insurance & Real Estate	3.1	3.2	3.7	4.2	4.9	6.1	+24.5
Services	11.4	12.4	14.0	15.2	18.3	25.2	+37.7
Hotels, Motels & Lodges	1.5	1.6	1.8	1.9	2.5		
Personal Services	0.9	0.9	0.9	0.9	0.9		
Business Services	2.0	2.1	2.1	2.1	2.9		
Medical Services	2.2	2.6	3.0	3.3	3.8		
Other Services	5.0	5.4	6.2	7.0	8.2		
Government	35.6	38.0	40.5	41.5	43.8	47.0	+ 7.3
Federal	17.1	17.3	17.2	17.2	18.0		
State	10.4	11.7	13.3	13.8	14.2		
Local	8.1	9.0	10.0	10.6	11.6		
Miscellaneous	0.2	0.2	0.8	1.0	1.0	1.0	
Total All Industries	92.5	97.6	104.2	109.9	128.2	160.9	+25.5

[illegible]
Source: Alaska Department of Labor

14 NONAGRICULTURAL WAGE AND SALARY PAYMENTS IN ALASKA, BY INDUSTRY, 1970-1974

(In Thousands of Dollars)

Industry	1970	1971	1972	1973	1974
Mining	$ 52,003	$ 43,686	$ 39,117	$ 38,168	$ 67,366
Metal Mining	2,749	2,061	1,488	1,796	2,974
Oil & Gas	47,115	38,863	34,648	33,311	60,624
Other Mining	2,138	2,762	29,807	3,061	3,768
Contract Construction	125,775	143,003	153,408	153,760	385,403
Manufacturing	83,927	86,512	89,935	107,781	130,839
Food Processing	31,314	31,136	30,041	37,272	42,184
Logging, Lumber & Pulp	36,711	37,799	40,887	49,843	63,268
Other Manufacturing	15,902	17,577	18,907	20,666	25,386
Transportation, Communication & Public Utilities	111,477	119,953	131,379	142,488	203,485
Trucking & Warehousing	19,182	17,517	18,725	19,869	41,184
Water Transportation	8,498	8,147	9,902	11,013	15,495
Air Transportation	37,409	34,888	39,198	44,458	62,498
Other Transportation	5,836	6,587	6,379	7,182	11,241
Communication & Public Utilities	40,551	52,814	57,175	59,964	73,068
Trade	131,977	142,223	157,453	171,247	220,738
Wholesale	40,811	41,796	45,973	48,109	66,266
Retail	91,166	100,427	111,480	123,137	154,472
General Mdse. & Apparel	22,536	24,098	26,404	28,299	33,431
Food Stores	13,798	15,331	16,749	17,325	21,216
Eat. & Drink. Establishments	15,941	18,105	18,915	22,488	33,047
Other Retail	38,891	42,893	49,412	55,025	66,778
Finance, Insurance & Real Estate	27,604	31,066	37,705	45,690	56,148
Services	88,928	99,356	117,818	136,774	193,400
Hotels, Motels & Lodges	8,541	9,746	10,954	11,910	17,086
Personal Services	5,302	5,685	5,910	6,162	6,555
Business Services	18,839	18,174	17,402	18,195	33,276
Medical Services	15,834	20,447	28,486	32,616	41,210
Other Services	40,411	45,304	55,066	67,892	95,273
Government	372,559	422,625	474,574	509,916	580,270
Federal	183,667	192,629	204,003	218,826	242,009
State	107,755	131,019	154,192	163,747	200,748
Local	81,137	98,977	116,380	127,343	137,514
Miscellaneous	2,490	2,773	11,775	20,205	18,415
Total All Industries	$996,740	$1,091,197	$1,217,066	$1,326,029	$1,856,065

Source: Alaska Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development

15 PER CAPITA PERSONAL INCOME IN ALASKA BY CENSUS DIVISION, 1969-1974 (Residency Adjusted)

Census Division	1969	1970	1971	1972	1973	1974
Aleutian Islands	$5,435	$5,937	$6,769	$7,203	$7,865	$8,017
Anchorage	4,622	4,997	5,239	5,455	5,823	7,159
Angoon	1,712	1,990	1,978	2,300	5,167	4,789
Barrow - North Slope	2,886	2,789	2,618	2,816	4,743	3,975
Bethel	1,694	2,075	2,305	2,660	4,839	4,307
Bristol Bay Borough	4,353	4,994	5,286	5,861	7,049	7,704
Bristol Bay	1,541	1,829	2,113	2,131	4,256	3,700
Cordova - McCarthy	5,588	6,565	6,648	6,329	6,975	7,744
Fairbanks	4,754	5,192	5,372	5,770	6,134	7,446
Haines	3,483	3,825	3,575	4,204	5,620	5,617
Juneau	5,155	5,752	6,161	6,812	7,291	8,003
Kenai - Cook Inlet	3,903	4,117	4,548	4,702	5,534	6,635
Ketchikan	4,222	4,629	4,936	5,764	6,970	7,476
Kobuk	1,813	1,967	2,231	2,743	4,774	4,217
Kodiak	4,367	4,835	5,275	4,672	6,814	7,598
Kuskokwim	2,428	2,800	3,139	3,405	5,198	5,039
Matanuska - Susitna	3,678	4,213	4,379	4,512	4,543	5,268
Nome	2,639	2,931	3,430	3,087	5,584	5,140
Outer Ketchikan	2,923	3,279	3,476	4,312	6,581	6,731
Prince of Wales	3,834	4,390	4,917	5,459	6,004	6,315
Seward	3,563	4,233	4,500	4,275	5,710	6,723
Sitka	4,093	4,621	4,969	5,794	6,438	7,308
Skagway - Yakutat	3,583	3,868	4,442	4,077	5,993	6,041
Southeast Fairbanks	3,485	3,925	4,110	4,520	5,491	7,056
Upper Yukon	4,419	4,787	5,168	5,391	6,219	8,555
Valdez - Chitina - Whittier	3,286	3,572	3,858	4,011	4,781	5,705
Wade Hampton	1,393	1,734	1,813	2,059	4,227	3,743
Wrangell - Petersburg	3,805	4,274	4,304	5,446	6 764	7,147
Yukon - Koyukuk	3,877	4,171	4,132	4,006	5 521	6,741
State Average	$4,246	$4,644	$4,916	$5,195	$5,923	$6,890

Source: Bureau of Economic Analysis, U.S. Department of Commerce and the Division of Economic Enterprise, Department of Commerce and Economic Development

16 CONSUMER PRICE INDEX ANCHORAGE, ALASKA (OCTOBER 1967 = 100)

Month and Year	All Items	Food			Apparel and Upkeep
		All Categories	Food at Home	Food Away From Home	
1970 January	107.8	108.2	107.9	109.2	106.1
April	108.2	107.1	106.7	108.7	107.9
July	109.6	106.9	106.1	109.7	109.6
October	111.5	107.0	106.2	110.0	110.1
Average	109.6	107.2	106.6	109.5	108.8
1971 January	111.6	106.9	105.9	111.4	110.0
April	111.7	107.4	106.3	112.0	111.5
July	113.0	109.9	109.3	112.2	113.1
October	114.3	111.5	111.1	113.1	113.2
Average	112.9	109.2	108.5	112.3	112.2
1972 January	114.2	110.5	109.8	113.1	112.5
April	115.8	114.3	114.5	113.5	116.1
July	115.9	112.6	112.4	113.5	115.7
October	116.9	113.3	113.3	113.5	117.2
Average	115.9	113.1	113.0	113.4	115.7
1973 January	116.4	114.7	115.0	113.8	117.0
April	119.4	120.9	122.6	115.6	118.9
July	120.4	125.2	128.1	115.6	121.4
October	123.8	130.4	134.8	115.6	123.4
Average	120.8	124.4	127.2	115.3	120.6
1974 January	125.6	133.9	139.3	116.0	122.6
April	129.8	142.8	148.3	124.6	124.7
July	134.0	143.2	148.8	124.6	128.8
October	140.0	154.0	159.0	137.2	133.9
Average	133.9	145.7	152.5	128.2	128.5
1975 January	142.9	161.0	165.1	147.6	134.3
April	150.0	163.3	161.5	169.8	139.1
July	153.8	170.2	170.5	169.6	138.1
October	157.4	172.3	173.1	170.2	141.3
Average	152.3	167.6	168.6	166.3	138.6
1976 January	158.8	171.9	172.0	172.0	139.6
April	161.7	172.1	172.3	172.0	143.5

Continued on next page

16 | CONSUMER PRICE INDEX – CONTINUED

Month and Year	Housing: All Categories	Housing: Renting	Housing: Home Ownership	Transportation	Health and Recreation
1970 January	108.0	105.6	109.7	104.2	109.8
April	109.0	106.3	111.7	104.4	110.0
July	109.7	107.1	112.5	107.8	113.4
October	113.6	107.8	119.3	109.2	113.8
Average	110.5	107.0	114.0	106.9	112.2
1971 January	113.1	108.4	118.5	110.1	11[illegible].8
April	112.6	108.8	116.8	110.9	1[illegible]5.1
July	113.2	109.7	114.3	112.7	115.9
October	115.3	110.3	116.3	111.5	117.3
Average	113.8	109.5	116.3	111.4	116.0
1972 January	115.6	110.4	116.1	111.3	117.5
April	116.9	111.0	118.4	111.0	117.7
July	117.6	111.4	120.2	112.0	118.2
October	118.6	111.6	121.8	112.5	119.8
Average	117.3	111.2	119.3	111.8	118.5
1973 January	116.7	111.7	118.3	112.1	119.8
April	119.8	111.9	123.1	112.3	121.5
July	118.7	112.1	122.9	113.7	123.1
October	123.5	112.3	128.0	113.5	124.6
Average	120.4	112.1	123.9	113.1	122.8
1974 January	124.9	112.5	127.9	114.8	126.4
April	128.1	112.9	129.7	117.8	129.6
July	131.8	114.7	132.2	122.6	138.3
October	136.7	N.A.	137.9	126.1	143.5
Average	131.5	114.4	132.8	122.6	136.1
1975 January	138.3	117.1	138.0	127.9	146.8
April	151.5	121.2	143.2	131.1	149.7
July	153.8	125.2	145.2	136.8	153.8
October	159.2	132.0	145.0	138.4	156.4
Average	152.7	125.5	143.6	134.6	152.5
1976 January	162.4	136.6	147.4	140.7	156.9
April	164.3	139.1	148.2	146.9	161.8

N.A. – Not Available

Source: U.S. Department of Labor and the Division of Economic Intergo or Department of Economics and Economic Development

17 SELECTED ALASKAN BANKING INDICATORS*
1959-1975
(In Millions of Dollars)

Year	Number of Banks	Demand Deposits	Savings and Time Deposits	Total Deposits	Loans and Discounts	Total Assets	Average Assets Per Bank
1959	18	$113.4	$ 70.4	$ 183.8	$ 85.9	$ 198.6	$ 11.0
1960	13	128.8	81.2	210.0	94.9	227.2	17.5
1961	14	119.3	93.9	213.2	103.1	233.4	16.7
1962	13	127.7	131.8	259.5	130.4	282.2	21.7
1963	13	137.2	122.7	259.9	148.5	286.7	22.1
1964	13	168.2	156.2	324.4	159.6	347.8	26.8
1965	14	179.5	176.0	355.5	219.0	388.2	27.7
1966	14	202.5 E	180.0 E	382.5 E	216.1	415.4	29.7
1967	14	199.0	224.3	423.4	232.0	456.7	32.6
1968	14	198.6	231.2	429.8	250.2	472.6	33.8
1969	13	238.9	292.6	531.6	291.0	586.2	45.1
1970	13	261.0	376.6	637.6	336.3	706.9	54.4
1971	13	284.3	438.3	722.6	401.0	807.9	62.1
1972	12	317.6	506.4	824.1	476.5	928.0	77.3
1973	12	348.4	535.5	883.9	541.3	1,027.8	85.7
1974	12	496.3	601.4	1,097.8	648.3	1,288.2	107.4
1975	13	651.0	725.7	1,376.7	809.4	1,583.0	121.8

E = Estimate *Data as of December 31

Source: Division of Banking, Securities & Corporations and the Division of Economic Enterprise, Department of Commerce and Economic Development

18 ALASKA SAVINGS AND LOAN ASSOCIATION INDICATORS
1959-1975
(In Millions of Dollars)

Year	Number of Associations	Loans and Contracts	Savings	Assets
1959	3	$ 10	$ 11	$ 12
1960	3	12	13	14
1961	3	18	17	21
1962	3	22	21	27
1963	3	27	26	32
1964	3	36	32	43
1965	3	42	39	53
1966	3	44	44	54
1967	3	47	50	54
1968	3	52	52	61
1969	3	54	54	66
1970	3	73	62	83
1971	3	96	86	115
1972	3	132	110	153
1973	4	124	116	153
1974	4	130	129	164
1975	4	176	160	213

Source: U.S. Federal Home Loan Bank Board and the Division of Economic Enterprise, Department of Commerce and Economic Development

19 CONSTRUCTION INDUSTRY EMPLOYMENT IN ALASKA AVERAGE WEEKLY EARNINGS AND HOURS WORKED 1974-1976

Month	1974 Average Weekly Earnings	1974 Average Weekly Hours Worked	1974 Average Monthly Employment	1975 Average Weekly Earnings	1975 Average Weekly Hours Worked	1975 Average Monthly Employment	1976 Average Weekly Earnings	1976 Average Weekly Hours Worked	1976 Average Monthly Employment
January	$463	42.3	5,528	$ 582	41.9	13,210	$888	57.0	14,500 E
February	429	38.4	5,657	584	42.1	15,502	922	57.4	17,000 E
March	467	41.3	6,354	686	49.5	18,293	871	62.4	25,000 E
April	557	48.2	8,586	712	51.2	25,224			
May	550	46.1	12,459	769	54.1	27,262			
June	563	45.8	16,458	831	57.6	30,877			
July	561	45.7	17,940	900	59.3	33,922			
August	609	46.5	19,346	946	60.1	37,357			
September	597	50.2	20,098	965	61.1	36,556			
October	657	49.6	20,735	1,045	65.1	36,500 E			
November	631	47.1	18,614	1,046	62.0	26,000 E			
December	548	42.9	17,002	918	59.8	16,000 E			
Annual Average	553	45.3	14,065	832	55.3	26,392			

E - Estimate by Division of Economic Enterprise. Source: Alaska Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development

20 GROSS RECEIPTS OF ALASKAN TRADE AND SERVICE INDUSTRIES, 1973-1974

Industry	1973	1974	Percent Change 1973-1974
Trade			
Wholesale	$422,287,069	$ 606,909,953	+ 43.7
Retail:			
Building Material and Hardware	$ 89,508,757	$ 160,908,664	+ 79.8
General Merchandise	122,699,351	149,362,743	+ 21.7
Food Stores	159,870,880	195,209,022	+ 22.1
Automotive	162,309,851	222,348,083	+ 37.0
Eating and Drinking	73,130,975	100,313,390	+ 37.2
Other Retail	338,442,275	562,380,923	+ 66.2
Total Retail	$945,962,089	$1,390,522,825	+ 47.0
Services			
Hotels & Other Lodging	$ 52,135,246	$ 66,451,844	+ 27.5
Personal Services	14,384,404	16,980,685	+ 18.0
Business Services	83,715,835	117,027,957	+ 39.8
Medical Services	44,939,121	57,334,859	+ 27.6
Legal Services	33,999,274	25,033,806	- 26.4
Other Services	95,984,695	639,784,130	+566.5
Total Services	$325,158,575	$ 922,613,281	+107.1

Source: Alaska Department of Revenue and the Division of Economic Enterprise, Department of Commerce and Economic Development

21 VALUATION OF RESIDENTIAL, NONRESIDENTIAL, AND TOTAL BUILDING INCLUDED IN BUILDING PERMITS ISSUED IN SELECTED AREAS OF ALASKA

(In Thousands of Dollars)

Area/Type of Construction	1975 1st Q	2nd Q	3rd Q	4th Q
Anchorage:				
Residential	$ 3,672.0	$ 49,340.2	$ 55,274.0	$ 16,667.5
Nonresidential	22,028.7	30,780.5	41,377.1	23,687.1
Total	$ 25,700.7	$ 80,120.7	$ 96,651.1	$ 40,354.6
Fairbanks:				
Residential	$ 4,340.4	$ 24,870.7	$ 11,811.3	$ 3,110.4
Nonresidential	14,873.8	51,226.1	15,479.7	12,088.2
Total	$ 19,214.2	$ 76,096.8	$ 27,291.0	$ 15,198.6
Juneau:				
Residential	$ 299.3	$ 3,023.0	$ 2,696.6	$ 1,449.5
Nonresidential	119.5	537.1	425.6	2,387.7
Total	$ 418.8	$ 3,560.1	$ 3,122.2	$ 3,837.2
Total All Areas:				
Residential	$ 8,311.6	$ 77,234.0	$ 69,781.9	$ 21,227.5
Nonresidential	37,022.0	82,543.4	57,282.5	38,163.0
Total	$ 45,333.6	$159,777.4	$127,064.4	$ 59,390.5

Area/Type of Construction	1976 1st Q	Annual Totals 1974	1975	Percent Change 1974-1975
Anchorage:				
Residential	$ 6,862.3	$ 88,028.4	$124,953.7	+ 41.9
Nonresidential	18,161.8	73,564.1	117,873.4	+ 60.2
Total	$ 25,024.1	$161,592.5	$242,827.1	+ 50.3
Fairbanks:				
Residential	$ 3,807.2	$ 20,515.0	$ 44,132.8	+115.1
Nonresidential	12,273.2	26,455.9	93,667.8	+254.1
Total	$ 16,080.4	$ 46,970.9	$137,800.6	+193.4
Juneau:				
Residential	$ 518.3	$ 4,299.4	$ 7,468.4	+ 73.7
Nonresidential	383.0	10,869.2	3,469.9	68.1
Total	$ 901.3	$ 15,168.6	$ 10,938.3	27.9
Total All Areas:				
Residential	$ 11,187.8	$112,842.8	$176,555.0	+ 56.5
Nonresidential	30,817.9	110,889.2	215,010.9	+ 93.9
Total	$ 42,005.7	$223,732.0	$391,565.9	+ 75.0

Source: City & Borough Building Officials and the Bureau of Economic Analysis, Department of Commerce and Economic Development

22 TOTAL NUMBER OF FAMILY DWELLING UNITS INCLUDED IN BUILDING PERMITS AUTHORIZED & PUBLIC CONTRACTS AWARDED IN ALASKA, 1970-1975

	1970			1971			1972		
	Single Family	Multiple Family	Total	Single Family	Multiple Family	Total	Single Family	Multiple Family	Total
Anchorage	1,400 E	1,600 E	3,000	1,385	1,665 E	3,050	1,445	1,506	2,951
Fairbanks	242	202	444	224	124	348	263	176	439
Juneau	51	106	157	82	139	221	114	291	405
Kenai	17	--	17	23	--	23	22	--	22
Ketchikan	34	20	54	52	74*	126	69	37	106
Kodiak	NA	NA	NA	19	4	23	25	68	93
Sitka	14	4	18	17	2	19	31	10	41
Soldotna	11	--	11	4	--	4	16	--	16
Total	1,769	1,932	3,701	1,806	2,008	3,814	1,985	2,088	4,073

	1973			1974			1975		
	Single Family	Multiple Family	Total	Single Family	Multiple Family	Total	Single Family	Multiple Family	Total
Anchorage	1,402	684	2,086	1,798	1,024	2,822	1,825	2,183	4,008
Fairbanks	283	120	403	475	131	606	681	364	1,045
Juneau	102	143	245	66	36	102	114	30	144
Kenai	13	--	13	25	--	25	54	26	80
Ketchikan	41	119	160	57	18	75	52	40	92
Kodiak	25	6	31	43	--	43	36	107	143
Sitka	34	32	66	42	28	70	38	19	57
Soldotna	11	--	11	21	16	37	63	24	87
Total	1,911	1,104	3,015	2,527	1,253	3,780	2,863	2,793	5,656

E = Estimate NA = Not Available
* Includes 50 units of Section 221(d) 3 BMIR housing Source: City & Borough Officials and the Division of Economic Enterprise, Department of Commerce and Economic Development

23 MOTOR VEHICLE REGISTRATION IN ALASKA 1960-1975

Year	Passenger	Truck	Office	Trailer	Commercial Trailer	Motorcycle	Total
1960	68,452	11,905	659	--	--	908	81,924
1961	71,965	13,012	633	--	--	1,030	86,640
1962	58,231	20,449	2,369	5,584	--	1,051	87,684
1963	59,569	22,112	2,452	6,032	--	1,293	91,746
1964	63,543	25,212	2,557	6,588	--	2,213	100,113
1965	66,997	28,341	2,585	7,412	--	3,326	111,637
1966	72,655	27,448	3,178	8,701	1,916	4,319	118,217
1967	75,108	28,798	3,379	9,846	1,986	4,770	123,887
1968	78,556	30,982	4,182	11,755	2,219	5,607	133,301
1969	89,205	35,437	3,896	12,322	2,613	6,376	149,849
1970	93,563	40,978	6,323	16,875	3,375	9,310	170,424
1971	99,902	45,367	6,835	18,602	3,186	10,513	184,405
1972	103,269	48,629	5,637	19,929	3,640	10,684	191,788
1973	111,476	53,029	4,379	23,073	4,006	11,428	207,391
1974	133,608	66,359	7,918	25,918	5,621	12,981	252,405
1975	142,290	77,340	7,987	25,733	7,804	12,846	273,997

* Includes commercial, dealer, farm, government exempt, and off highway registrations Source: Alaska Department of Public Safety and the Division of Economic Enterprise, Department of Commerce and Economic Development

24 TOTAL VOLUME AND VALUE OF AGRICULTURAL PRODUCTION* IN ALASKA BY MAJOR PRODUCT 1974-1975

Product	1975 (Preliminary) Volume of Production	1975 (Preliminary) Value of Production	1974 (Revised) Volume of Production	1974 (Revised) Value of Production
Field Crops				
Oats	5,400 cwt	$ 44,000	3,200 cwt	$ 27,000
Barley	33,600 cwt	287,000	18,200 cwt	158,000
Hay	21,400 tons	2,782,000	15,800 tons	2,054,000
Silage	15,200 tons	532,000	12,500 tons	500,000
Total		$3,645,000		$2,739,000
Vegetable Crops:				
Potatoes	119,500 cwt	$1,434,000	90,500 cwt	$1,122,000
Lettuce	9,500 cwt	252,000	8,800 cwt	237,000
Cabbage	3,000 cwt	47,000	3,500 cwt	52,000
Carrots	2,000 cwt	32,000	1,500 cwt	26,000
Other	1,800 cwt	59,000	2,200 cwt	66,000
Total		$1,824,000		$1,503,000
Total Crop Production		$5,469,000		$4,242,000
Livestock Products:				
Milk	16,800,000 lbs.	$2,817,000	18,100,000 lbs.	$2,577,000
Eggs	417,000 doz.	417,000	533,000 doz.	507,000
Beef & Veal	612,000 dr. wt.	410,000	684,000 dr. wt.	473,000
Pork	150,000 dr. wt.	83,000	150,000 dr. wt.	85,000
Poultry Meat	88,000 dr. wt.	26,000	106,000 dr. wt.	31,000
Lamb & Mutton	30,000 dr. wt.	16,000	120,000 dr. wt.	58,000
Wool	67,000 lbs.	60,000	110,000 lbs.	98,000
Total Livestock Products		$3,829,000		$3,829,000
Total Agricultural Production		$9,298,000		$8,071,000

*Excludes greenhouse, greenleaf and nursery production. Source: Statistical Reporting Service, U.S. Department of Agriculture, and the Division of Economic Enterprise, Department of Commerce and Economic Development.

25 SELECTED ALASKA INTERNATIONAL AIRPORTS AIR FREIGHT AND PASSENGER TRAFFIC

	1975				1976
	1st Q	2nd Q	3rd Q	4th Q	1st Q
AIR FREIGHT:*					
Anchorage	22,510.8	26,885.7	45,765.5	29,131.5	24,138.0
Fairbanks	45,397.9	62,134.2	38,287.1	36,383.0	22,428.3
Total	67,908.7	89,019.9	82,052.6	65,514.5	46,566.3
PASSENGER TRAFFIC:**					
Anchorage	293,892	385,467	529,227	357,217	367,282
Fairbanks	127,085	164,750	209,278	152,472	151,631
Total	420,977	550,217	738,505	509,689	518,913

	Annual Totals		Percent Change	
	1975	1974	1974-1975	1st Q 1975-1976
AIR FREIGHT:*				
Anchorage	124,293.5	87,377.5	+42.2	+ 7.2
Fairbanks	180,202.2	166,110.0	+ 8.5	-50.6
Total	304,495.7	253,487.5	+20.1	-31.4
PASSENGER TRAFFIC:**				
Anchorage	1,565,803	1,253,807	+24.9	+25.0
Fairbanks	653,585	438,654	+49.0	+19.3
Total	2,219,388	1,692,461	+31.1	+23.3

*Short tons.
**Enplaned passengers only. Source: Alaska Department of Public Works and the Bureau of Economic Analysis, Department of Commerce and Economic Development.

26 WATERBORNE COMMERCE IN ALASKA 1970-1974 (Thousands of Short Tons)

Ports	1970	1971	1972	1973	1974
Ketchikan	1,868	1,607	2,186	2,167	2,162
Wrangell Harbor	1,182	922	1,169	1,172	1,023
Wrangell Narrows	619	216	1,003	234	534
Petersburg	294	114	158	93	205
Sitka	916	1,039	1,243	828	970
Skagway	1,273	1,451	1,388	1,348	1,515
Valdez	478	289	254	301	357
Anchorage	1,937	1,782	2,058	2,625	2,340
Juneau	119	147	201	200	154
Kodiak	124	148	193	237	217
Metlakatla	117	68	291	234	313
Whittier	349	713	647	392	662
Other Ports	16,319	15,350	15,600	15,555	15,316
Total All Ports	24,595	23,846	26,391	25,386	25,768

Source: Department of Public Works, Federal and State Agencies and the Bureau of Economic Analysis, Department of Commerce and Economic Development.

27 PORT OF ANCHORAGE FREIGHT MOVEMENTS* IN TONS BY COMMODITY

Commodity	1975 1st Q	2nd Q	3rd Q	4th Q
Freight N.O.S.		2,700.3	2,914.0	1,949.7
Cement, Drilling Mud, etc.		17,228.8	16,140.0	11,014.8
Iron and Steel Articles		4,039.6	4,389.4	394.1
Lumber		8,282.3		32.5
Oil Field and Equipment Supplies			12.2	378.6
Petroleum Bulk	343,681.6	438,185.6	495,538.8	642,659.3
Petroleum N.O.S.		606.2	1,276.8	201.3
Scrap Iron and Steel				
Vans, Flats, Containers	144,910.5	222,651.5	244,978.3	226,135.4
Vehicles	16.9	7,793.9	3,919.6	9,787.3
TOTAL	488,609.0	701,488.2	769,169.1	892,553.0

Commodity	1976 1st Q	Annual Totals 1975	1974	Percent Change 1974-1975
Freight N.O.S.		7,564.0	8,004.7	-5.5
Cement, Drilling Mud, etc.		44,383.6	18,254.8	+143.1
Iron and Steel Articles		8,823.1	14,786.7	-40.3
Lumber		8,314.8	13,921.1	-40.3
Oil Field and Equipment Supplies		390.8		
Petroleum Bulk	305,381.2	1,920,065.3	1,595,667.1	+20.3
Petroleum N.O.S.		2,084.3	2,220.9	-6.2
Scrap Iron and Steel				
Vans, Flats, Containers	197,081.0	838,675.7	590,474.4	+42.0
Vehicles	6,452.5	21,517.7	11,845.8	+81.6
TOTAL	508,914.7	2,051,819.3	2,255,175.5	-26.5

28 STATE AND FEDERAL GOVERNMENT AVERAGE MONTHLY EMPLOYMENT BY LABOR MARKET AREA, 1970-1974

State Government

Labor Market Area	1970	1971	1972	1973	1974
Anchorage	2,692	3,013	3,490	3,559	3,986
Barrow	34	111	141	118	86
Bethel	204	230	297	252	327
Fairbanks	2,732	2,739	3,008	3,084	2,628
Juneau	2,237	2,386	2,595	2,691	2,936
Ketchikan	436	452	483	484	514
Kenai - Cook Inlet	133	171	188	182	190
Kodiak	162	160	190	178	177
Nome	203	250	362	364	284
Sitka	158	170	201	211	232
Wrangell-Petersburg	72	73	82	80	90
Other Areas	1,300	1,973	2,238	2,451	2,716
Total	10,363	11,728	13,275	13,754	14,166

Federal Government*

Anchorage	9,509	9,530	9,435	9,558	9,925
Barrow	128	169	173	171	283
Bethel	349	330	407	441	424
Fairbanks	2,534	2,757	2,887	2,507	2,706
Juneau	1,198	1,253	914	966	942
Ketchikan	231	186	193	201	226
Kenai - Cook Inlet	119	123	86	80	83
Kodiak	387	351	272	263	244
Nome	187	223	114	210	197
Sitka	452	393	505	456	473
Wrangell - Petersburg	120	122	131	130	144
Other Areas	1,897	1,833	2,118	2,181	2,368
Total	17,111	17,270	17,235	17,164	18,015

WAGE AND SALARY PAYMENTS OF THE FEDERAL GOVERNMENT IN ALASKA, BY AGENCY 1970-1974 (In Thousands of Dollars)

	1970	1971	1972	1973	1974
Dept. of Treasury	$ 1,964	$ 2,315	$ 2,708	$ 2,682	$ 2,977
Dept. of Defense - Civilians	88,147	89,763	91,114	89,524	105,246
Postal Service	7,971	8,627	9,549	10,928	13,274
Dept. of the Interior	17,939	18,565	26,123	31,385	36,656
Dept. of Agriculture	5,504	6,134	6,672	7,361	8,561
Dept. of Commerce	3,741	7,224	6,976	7,551	8,450
Dept. of Health, Education & Welfare	10,381	8,919	7,841	14,404	13,706
Dept. of Transportation	43,502	47,176	48,734	49,674	49,414
Other Agencies	4,518	3,906	4,286	5,317	3,325
Total Civilian Wage and Salary Payments	$183,667	$192,629	$204,003	$218,826	$242,009
Dept. of Defense - Military	140,100	164,600	192,700	209,800	222,900
Total Federal Wage and Salary Payments	$323,767	$357,229	$396,703	$428,626	$464,909

30 AVERAGE MONTHLY EMPLOYMENT OF THE FEDERAL GOVERNMENT IN ALASKA, BY AGENCY 1970-1974

Agency	1970	1971	1972	1973	1974
Dept. of Treasury	124	143	160	165	195
Dept. of Defense – Civilians	8,967	8,840	8,644	8,350	8,886
Postal Service	923	951	958	1,011	1,103
Dept. of the Interior	1,968	1,894	2,008	2,119	2,288
Dept. of Agriculture	435	458	470	487	547
Dept. of Commerce	321	571	547	560	569
Dept. of Health, Education & Welfare	1,187	1,266	1,233	1,429	1,375
Dept. of Transportation	2,846	2,796	2,753	2,690	2,770
Other Agencies	340	351	462	353	282
Total Civilian Employment	17,111	17,270	17,235	17,164	18,015
Dept. of Defense – Military	30,000	27,600	24,300	24,500	23,700
Total Civilian and Military Employment	47,111	44,870	41,535	41,644	41,715

Source: Alaska Department of Labor, Headquarters Alaska Air Command, and the Division of Economic Enterprise, Department of Commerce and Economic Development

31 ALASKA STATE GOVERNMENT AVERAGE MONTHLY EMPLOYMENT BY AGENCY, 1970-1975

Agency	1970	1971	1972	1973	1974	1975
Governor's Office	812	761	183	182	203	258
Dept. of Administration	436	438	321	350	372	482
Dept. of Law	80	97	110	116	127	136
Dept. of Revenue	166	195	195	217	219	225
Dept. of Education	707	672	297	287	262	308
Dept. of Health & Social Services	1,226	1,310	1,597	1,719	1,799	1,777
Dept. of Labor	369	416	458	442	541	615
Dept. of Commerce	103	122	138	148	154	193
Dept. of Military Affairs	66	74	85	98	122	118
Dept. of Natural Resources	186	207	250	280	290	286
Dept. of Fish & Game	476	515	490	492	537	619
Dept. of Public Safety	266	334	473	494	535	613
Dept. of Public Works	1,159	1,300	1,406	1,466	1,497	1,521
Dept. of Highways	1,291	1,308	1,357	1,316	1,335	1,367
Dept. of Economic Development	46	44	49	47	49	19*
Dept. of Environmental Conservation		9*	48	55	64	79
State Operated Schools		237*	774	799	999	755
Dept. of Community & Regional Affairs			23*	66	62	79
Legislative Affairs	117	116	118	126	129	155
Legislative Audit	13	15	21	21	23	31
Court System	256	312	349	376	408	441
Highway Supply	170	173	188	201	218	234
Neighborhood Youth Corps	22*	322*	982	770	735	1,085
Teachers	1,018*	1,165*	1,248	1,155	947	639*
Other**	1,378	1,586	2,115	2,152	2,539	N.A.
Total	10,363	11,728	13,275	13,375	14,166	N.A.

N.A. – Not available
* Estimated data
** Includes data from the University of Alaska and the Institute of Social and Economic Research
Source: Alaska Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development

32 ALASKA STATE GOVERNMENT WAGE AND SALARY PAYMENTS BY AGENCY 1970-1975

(In Thousands of Dollars)

Agency	1970	1971	1972	1973	1974	1975
Governor's Office	$ 2,821	$ 3,324	$ 2,328	$ 2,516	$ 3,580	$ 5,272
Dept. of Administration	3,622	4,295	3,694	3,968	5,061	7,337
Dept. of Law	1,260	1,673	1,927	2,090	2,717	3,403
Dept. of Revenue	1,626	2,043	2,210	2,468	3,127	3,733
Dept. of Education	5,110	5,235	3,263	3,255	3,658	4,813
Dept. of Health & Social Services	12,239	14,576	18,047	19,507	24,790	29,176
Dept. of Labor	3,652	4,714	5,368	5,134	7,318	9,535
Dept. of Commerce	1,217	1,593	1,794	2,019	2,531	3,654
Dept. of Military Affairs	724	824	929	1,021	1,403	1,709
Dept. of Natural Resources	2,240	2,747	3,361	3,752	4,614	5,322
Dept. of Fish & Game	5,052	6,291	6,330	6,324	8,257	11,068
Dept. of Public Safety	3,080	4,111	5,954	6,410	8,930	11,920
Dept. of Public Works	13,587	17,094	19,272	20,744	25,985	31,623
Dept. of Highways	16,941	19,091	20,294	19,548	24,821	30,678
Dept. of Economic Development	520	552	602	629	759	353*
Dept. of Environmental Conservation	--	155*	649	789	1,134	1,589
State Operated Schools	--	1,561*	4,941	5,838	8,935	6,631
Dept. of Community & Regional Affairs	--	--	297*	805	878	1,252
Legislative Affairs	1,096	1,222	1,425	1,275	1,375	2,128
Legislative Audit	168	249	338	381	472	799
Court System	2,735	3,837	4,370	4,751	6,033	7,397
Highway Supply	2,074	2,269	2,594	2,740	3,921	4,486
Neighborhood Youth Corps	249*	415*	1,259	1,397	1,375	2,176
Teachers	10,852*	15,600*	17,614	17,291	15,750	10,901*
Other**	16,890	17,548	25,332	29,095	33,324	N.A.
Total	$107,755	$131,019	$154,192	$163,747	$200,748	N.A.

33 STATE NET COLLECTIONS FROM SELECTED REVENUE SOURCES

(In Thousands of Dollars)

Source	1970	1971	% Change	1972	1973	% Change
Individual Income Tax	$ 64,251	$125,193	+ 94.8	$25,101	$33,693	+ 34.2
Corporation Tax	9,590	25,042	+161.1	5,147	8,032	+ 56.0
Property Tax	1,674	17,813	+963.9	1,614	69	— 95.7
Business License	7,653	11,339	+ 48.2	8,400	14,701	+ 75.1
Oil & Gas Production Tax	22,095	27,558	+ 24.7	7,208	7,626	+ 5.8
Highway Fuel Tax	12,659	16,821	+ 32.9	2,812	5,701	+102.7
Alcohol Tax	6,035	7,436	+ 23.2	1,610	1,774	+ 10.1
School Tax	1,736	2,409	+ 38.8	207	250	+ 20.7
Motor Vehicle Plates	6,998	8,634	+ 23.4	820	1,808	+120.4
Motor Freight Carrier	381	619	+ 62.6	85	68	— 20.5
Other Sources	16,008	14,567	— 9.0	3,424	3,925	+ 14.6
Sub-total	149,080	257,431	+ 72.7	56,429	77,651	+ 37.6
Fish & Game Licenses	2,937	3,146	+ 7.1	243	318	+ 30.7
Interest	40,616	35,318	— 13.0	10,446	6,107	— 41.5
Total Revenues	$192,634	$295,895	+ 53.6	$67,118	$84,076	+ 25.3

34 LOCAL GOVERNMENT AVERAGE MONTHLY EMPLOYMENT AND ANNUAL WAGE AND SALARY PAYMENTS BY LABOR MARKET AREA IN ALASKA, 1970-1974

Labor Market Area	1970	1971	1972	1973	1974
	Average Monthly Employment				
Anchorage	3,615	3,845	4,349	4,786	5,257
Barrow	3	3	19	106	272
Bethel	25	25	44	53	79
Fairbanks	1,101	1,197	1,191	1,155	1,496
Juneau	576	763	931	836	850
Ketchikan	567	594	672	752	788
Kenai - Cook Inlet	499	579	673	677	674
Kodiak	284	340	360	382	394
Nome	136	151	124	129	164
Sitka	281	293	293	302	304
Wrangell - Petersburg	189	218	240	265	289
Other Areas	800	937	1,092	1,132	1,027
Total	8,076	8,955	9,988	10,575	11,594
	Annual Wage and Salary Payments (in Thousands of Dollars)				
Anchorage	$37,858	$45,871	$ 55,912	$ 62,385	$ 65,376
Barrow	2	2	130	734	2,363
Bethel	156	241	353	456	526
Fairbanks	11,809	13,270	15,159	16,194	15,407
Juneau	5,670	7,268	8,547	8,131	8,963
Ketchikan	5,327	6,018	6,785	7,394	8,030
Kenai	5,342	6,632	7,612	7,755	8,206
Kodiak	2,953	3,922	4,098	3,937	4,676
Nome	1,399	1,699	1,460	1,529	2,185
Sitka	2,338	2,715	3,029	3,189	3,634
Wrangell - Petersburg	1,748	2,222	2,411	2,699	2,956
Other Areas	6,535	9,117	10,879	12,940	15,192
Total	$81,137	$98,977	$116,380	$127,343	$137,514

Source: Alaska Department of Labor and the Division of Economic Enterprise, Department of Commerce and Economic Development

A Mid-Year Peformance Report
on the Alaskan Economy in 1976

Prepared by:
Division of Economic Enterprise
Department of Commerce and Economic Development

Governor
Jay S. Hammond

Commissioner
Langhorne A. Motley

Director
Richard H. Eakins

,324	$ 2,328	$ 2,516	$ 3,580	$ 5,272
,295	3,694	3,968	5,061	7,337
,673	1,927	2,090	2,717	3,403
,043	2,210	2,468	3,127	3,733
,235	3,263	3,255	3,658	4,813
,576	18,047	19,507	24,790	29,176
,714	5,368	5,134	7,318	9,535
,593	1,794	2,019	2,531	3,654
824	929	1,021	1,403	1,709
,747	3,361	3,752	4,614	5,322
,291	6,330	6,324	8,257	11,068
,111	5,954	6,410	8,930	11,920
,094	19,272	20,744	25,985	31,623
,091	20,294	19,548	24,821	30,678
552	602	629	759	353*
155*	649	789	1,134	1,589
,561*	4,941	5,838	8,935	6,631
--	297*	805	878	1,252
,222	1,425	1,275	1,375	2,128
249	338	381	472	799
,837	4,370	4,751	6,033	7,397
,269	2,594	2,740	3,921	4,486
415*	1,259	1,397	1,375	2,176
,600*	17,614	17,291	15,750	10,901*
,548	25,332	29,095	33,324	N.A.
,019	$154,192	$163,747	$200,748	N.A.

+ 94.8	$25,101	$33,693	+ 34.2
+161.1	5,147	8,032	+ 56.0
+963.9	1,614	69	— 95.7
+ 48.2	8,400	14,701	+ 75.1
+ 24.7	7,208	7,626	+ 5.8
+ 32.9	2,812	5,701	+102.7
+ 23.2	1,610	1,774	+ 10.1
+ 38.8	207	250	+ 20.7
+ 23.4	820	1,808	+120.4
+ 62.6	85	68	— 20.5
— 9.0	3,424	3,925	+ 14.6
+ 72.7	56,429	77,651	+ 37.6
+ 7.1	243	318	+ 30.7
— 13.0	10,446	6,107	— 41.5
+ 53.6	$67,118	$84,076	+ 25.3

Volume Four, Number Two

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