

**HOUSE  
COMMITTEE REPORT**

(11)

Date referred: 3/12/86

FURTHER REFERRALS:

DATE: 3/24/86

The FINANCE Committee has considered SB 348

"An Act making a special appropriation for the 1986 Iditarod sled dog race; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with H CS SB 348 (fin)  same title
- new title

and recommends DO PASS

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

Albert G. Edas  
John Conital  
Mike Symonds  
Jim [unclear]  
Ronald L. Larson  
Fat Furchat  
Steve [unclear]  
[unclear]  
[unclear]

SIGNING OTHER RECOMMENDATIONS:

Rick Uehli (NO REC)  
Sen Costello (NO REC)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Albert G. Edas  
Chairman

Original sponsor: Faika

Funding Information

General Fund	\$40,000
Other Funds	-0-
	<u>\$40,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 348 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for the 1986  
7 Iditarod sled dog race; and providing for an effec-  
8 tive date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. The sum of \$40,000 is appropriated from the general fund  
11 to the Department of Commerce and Economic Development for payment as a  
12 grant to the Iditarod Trail Committee, Inc., for expenses of conducting the  
13 1986 Iditarod sled dog race.

14 \* Sec. 2. The appropriation made by this Act shall be disbursed in  
15 accordance with AS 37.05.316.

16 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
17 10.070(c).

# Alaska State Legislature

CO-CHAIRMAN  
FINANCE COMMITTEE

907-465-3740



JAN FAIKS  
FOUCH V  
CAPITOL BUILDING  
JUNEAU, ALASKA 99811

## Senate

March 11, 1986

### MEMORANDUM

TO: Representative Al Adams, Chairman  
House Finance Committee.

FROM: Senator Jan Faiks *Jan Faiks*

SUBJECT: Background on Senate Bill 348, an Act making a  
special appropriation to the 1986 Iditarod  
sled dog race.

Senate Bill 348 appropriates \$90,000 to the Department of Commerce and Economic Development for a grant to the Iditarod Trail Committee, Inc. The Committee will apply this grant toward the expenses of conducting the 1986 Iditarod Sled Dog Race.

As the longest sled dog race in the world, the Iditarod has become a major international challenge. This year, eighty teams have entered the race.

Not only does the race commemorate an historic event, but it also promotes tourism by portraying a positive image of Alaska throughout the world. It furnishes Alaska with media exposure which could not be purchased for an equivalent price. An estimated 4.65 million homes viewed the 1985 race. Its winner, Libby Riddles, appeared on "Good Morning America" and was featured in articles in Vogue, Time, and Newsweek.

The Race also has a unique ability to unify the state during the long winter months. It is one of the few events that draws urban and rural residents together in a common interest and focus. An estimated 250,000 Alaskans follow the progress of the Race.

During recent years, the Legislature had made the following appropriations to support the Race:

OUT OF SESSION

<u>FY</u>	<u>AMOUNT</u>	<u>USE</u>
81	\$25,000	race expenses
82	\$16,700	race expenses
83	\$100,000	trail improvements
84	\$300,000	race committee headquarters
	\$250,000	right-of-way acquisition
	\$65,050	race expenses
85	\$72,000	race expenses

This year's appropriation will provide only a portion of the estimated \$1,000,000 needed to run the 1986 Race. This figure is more than double last year's cost to operate the Iditarod.

The Trail Committee has proposed the following expenditures for this \$90,000 grant:

1. Trail Restoration, Breaking and Marking (snow machine rentals, expenses, gas, food, labor, and markers) - \$27,000
2. Dog Care and Treatment (veterinarian costs, medical supplies, food, lodging, transportation, and blood sample analysis) - \$16,200
3. Iditarod Air Force: flies the trails and delivers 130,000 pounds of dog food to check points. (chartering local air services, fuel, oil, & insurance for the planes, food & lodging for the crews) - \$27,000
4. Liability Insurance: (covers spectators, municipalities, BLM, volunteers, Trail Committee, & its vehicle) - \$5400
5. Communications (operating the new computer race tracking system, communications with the media) - \$9900
6. Office Equipment and Expenses - \$4500

For the first time, we are able to quantify the Iditarod's economic impact on Alaska. The attached packet contains the results of a study by the Gilmore Research Group. This study shows that the race generates \$103,000 in state taxes

and \$276,000 in local taxes. It creates 240 primary and 119 secondary paid jobs within the state.

Thank you for your anticipated support of this great event.

# IDITAROD



The Last Great Race • Anchorage to Nome • 1049 Miles



# IDITAROD TRAIL COMMITTEE, INC

The Honorable Jan Faiks  
Pouch V  
Juneau, Alaska 99811

December 27, 1985

Dear Senator Faiks:

The members of the Iditarod Trail Committee ask that the state of Alaska again support the running of The Last Great Race, this time in the amount of \$100,000.

As we look toward a period of declining oil revenues, it is more important than ever that alternative industries be developed to as great an extent as possible. The impact of the Iditarod Trail Sled Dog Race on tourism as well as its positive effect on a multitude of businesses within Alaska, make support of the race far more productive than if it were just another sporting event put on for the benefit of a few dog mushers.

Television coverage of last year's race was viewed on CBS Sports Saturday in more than 4,650,000 homes across America. It is estimated that the same number of people around the world, outside of America, also viewed this same coverage. Other media coverage of the event and this year's sensational champion, Libby Riddles, has made the Iditarod truly a showcase for our State and our people. The impact that this has on tourism alone is immense.

A detailed evaluation of the economic impact of the Iditarod Trail Sled Dog Race is included in the attached report by Gilmore Research Group, dated September, 1985. It should be pointed out that the funds which we ask from the State cover a very small portion, but a very important portion, of the event. Of our \$750,000 budget, we garner more than \$100,000 from private sponsors and a half a million dollars from our own retail sales efforts. In addition, our mushers spend an estimated \$1,500,000 within the State. And finally, the go power of 2000 volunteers is provided at no monetary cost. With all of this, the people of the state of Alaska derive a tremendous benefit from the State's investment of \$100,000.

We earnestly ask your support of this very important appropriation.

Yours very truly,

Burt Bomhoff  
President Pouch X • Wasilla, Alaska 99687 • (907) 376-5155



# ALASKA VISITORS ASSOCIATION

P.O. BOX 10-2220  
ANCHORAGE, AK 99510  
(907) 276-6663

Telex:  
Within Alaska 25-147  
Lower U.S. 090-25-147  
Canada 0305-25-147  
International 314-25-147

## 1984-85 EXECUTIVE OFFICERS

President  
DENNIS BRANDON  
Sheffield Enterprises  
Anchorage, Alaska

Vice President/  
Administration  
DEAN WEIDNER  
The Weidner Co.  
Marcer Island, Washington

Vice-President/  
Government Relations  
CHRIS VON IMHOF  
Alveska Resort  
Girwood, Alaska

Vice-President/  
Marketing  
GARY ODLE  
Alaska Airlines  
Seattle, Washington

Secretary  
RAL T. WEST  
Alaska West Associates  
Anchorage, Alaska

Treasurer  
A. K. "KIRK" LANTERMAN  
Holland America/Westoum  
Seattle, Washington

Executive Director  
DALE FOX

## A RESOLUTION IN SUPPORT OF THE IDITAROD TRAIL COMMITTEE

WHEREAS, Alaska's image as "the last frontier" is one of her foremost visitor attractions,

WHEREAS, this image is projected across America and around the world through media coverage of the Iditarod Trail Sled Dog Race,

WHEREAS, the race creates \$103,000 in state tax revenues and \$276,800 in local taxes,

WHEREAS, the race creates 240 primary and 119 secondary paid jobs within Alaska,

WHEREAS, 250,000 persons in Alaska and millions around the world participate in the race each year as fans and spectators,

WHEREAS, the Iditarod organization provides \$650,000 in private funds and nearly 2,000 volunteers to produce this magnificent event,

NOW, THEREFORE BE IT RESOLVED, that the Alaska Visitors Association supports the Iditarod Trail Committee in producing the 1986 Last Great Race.

## PAST PRESIDENTS GEORGE SUNDBORG 1950

ROBERT E. ELLIS  
1951-1952

EDWARD D. COFFEY  
1952-1955

MARSHALL CRUTCHER  
1955-1956

BEN CRAWFORD  
1956-1957

EVERETT PATTON  
1957-1959

ROBERT A. BAKER  
1959-1960

ROBERT E. ELLIS  
1960-1962

ROBERT GIERSDORF  
1962-1963

E.E. SWOFFORD  
1963-1964

H. JACK MUSIEL  
1964-1966

JAMES JOHNSON  
1966-1967

FRANK DOWNNEY  
1967-1968

BILL SHEFFIELD  
1968-1969

JOHN MONROE  
1969-1970

RONALD LATIMORE  
1970-1971

JOHN STEVENS  
1971-1972

LEN LAURANCE  
1972-1973

E. AL PARRISH  
1973-1974

A.E. "BUD" HAGBERG  
1974-1975

CHUCK WEST  
1975-1977

CHARLES CONWAY  
1977-1978

JIM BINKLEY  
1978-1979

MARTHA EDWARDS  
1979-1980

ROLF KLUG  
1980-1981

DAVE PALMER  
1981-1982

CHRIS VON IMHOF  
1982-1983

ROBERT H. BRENNAN  
1983-1984

# GILMORE RESEARCH GROUP

METROPOLITAN PARK BUILDING 1100 OLIVE WAY, SUITE 250 SEATTLE, WASHINGTON 98101 (206) 547-5555

## IDITAROD ECONOMIC IMPACT REPORT

for  
The Iditarod Trail Committee

by  
Gilmore Research Group

September, 1985

## INTRODUCTION

The Iditarod Race is an important event to the State of Alaska for two fundamental reasons. The first reason stems from the historical and objective conditions of the state as a whole: Alaska is the last frontier, the apex of the American image of itself as a land of rugged and free individuals who are hardy and tough, independent. The Iditarod Race is one of the last representations of that dominant spirit and behavior. The Iditarod Race lends character and flavor to the image of Alaska as a place for visitors to recapture the pioneer spirit that is perceived by most Americans as the backbone of our country. This, then, is the first reason for supporting and promoting the Iditarod Race, the cultural and historical heritage, a continuity with our past.

The second reason that the Iditarod is important to the State of Alaska is because it provides revenue. It does this by generating jobs and taxable income resulting from expenditures by participants and observers involved with the Race. Participants in the Race represent both Alaskans and non-Alaskans as well as their dogs, while on the observer side there are journalists, photographers, tourists, Race officials and Alaskan spectators. In addition, there are over 50 other affiliated events and activities which center around the Iditarod Race. These activities and events also produce revenue for the State through expenditures of income by groups and by individuals. Unquestionably, the Iditarod Races and the activities stemming from them make an important contribution to the State of Alaska, both from a social and cultural perspective as well as from the economic side.

Tables 1, 2 and 3 enumerate each of the economic impact model components identified for the Iditarod Races, as well as the allocation of monies spent by all parties involved. As can be noted, there are an estimated 256.9 thousand people who are either directly or indirectly involved with the Iditarod as spectators, participants or officials -- all in Alaska. It is also estimated by CBS Television that as many as 4.6 million American households across the country saw the finish of the race as it was telecast in 1985.\* To this can be added, the international coverage and telecasts which are estimated to reach an equal number of households outside the U.S.

The resulting expenditures from people involved with the Race or affiliated events was well over \$20.9 million which generated an estimated \$4.63 million in wages, salaries and employee benefits. The total number of jobs created from this activity is approximately 359 with another 811 dependent in some way on the continued existence of the Race and its supporting events. Taken all together the Race and the affiliated events creates about \$276.8 thousand in local taxes and \$103.1 thousand in state taxes.

These figures are rather impressive for a single sporting event which occurs but once a year during a period which has traditionally been low in visitors (tourists) from outside the State of Alaska. In figures taken from the Anchorage Convention and Visitors Bureau Winter Reports for 1984 and 1985 an estimated 5% of those coming from Anchorage reported seeing the Iditarod (this translates into 3900 people each year). Many of these people indicated that the purpose of their trip to Alaska was to see the Iditarod Sled Dog Race.

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\*This figure is supported by the March-April 1985 Arbitron Ratings published in May 1985.

From the perspective of the total impact generated by tourism to the State of Alaska, the Iditarod is not the largest contributor in either money or people. However, the total impact of the Iditarod Race must be seen as a combination of social, cultural and economic factors. As stated earlier, the Race is an image maker, supporting the spirit of the last frontier. The Race is a social event within the State bringing people (especially in the smaller communities) closer together, reminding them of their strong heritage, while reinforcing the perception of Alaska as a land with unique geographic conditions as well as immense wild beauty. From the perspective of someone outside the state, a potential visitor, the Iditarod is a reminder of the size, beauty and unspoiled nature of Alaska. The Race consequently produces interest in visiting Alaska as a final destination and this is, of course, a very desirable impact from an economic standpoint.

TABLE 1  
IDITAROD ECONOMIC IMPACT MODEL\*

Total number spectators/participants (thousands)	256.9
Total resulting spending (in millions of \$)**	20.9
Generated payroll (in millions of \$)	4.63
Total jobs	359
Actual primary jobs	240
Estimated secondary jobs	119
People who depend on these jobs for their livelihood	811
Purchasing power (in millions of \$)	31.3
Activity generated state and local tax revenue (in thousands of \$):	
State tax revenue	103.1
Local tax revenue	276.8

\* Includes supportive events and activities during the "Month of Iditarod" as well as the Race itself (see attached sheet of events).

\*\*Uses Multiplier Effect estimated to be 1.5 for the State of Alaska. The multiplier effect is in essence a "trickle down" phenomenon, whereby a dollar spent directly as a result of an event produces availability of funds (by those receiving them) for further purchases. Thus, an observer of the race who buys \$10.00 worth of native arts in Nome or Anchorage from a shop represents the end of a chain of purchases, shipping, and production, the total value of which is \$15.00.

TABLE 2

ESTIMATED EXPENDITURE BREAKDOWN  
DIRECTLY RESULTING FROM IDITAROD

	<u>Expenditures</u>	<u>Payroll</u>	<u>Jobs*</u>
Food	\$ 696,558	\$ 218,022	19
General retail & gasoline	531,600	74,105	5
Lodging	292,871	94,890	9
Transportation	692,600	173,150	5
Entertainment	<u>120,161</u>	<u>33,032</u>	<u>3</u>
TOTALS	\$ 2,333,790	\$ 593,199	41

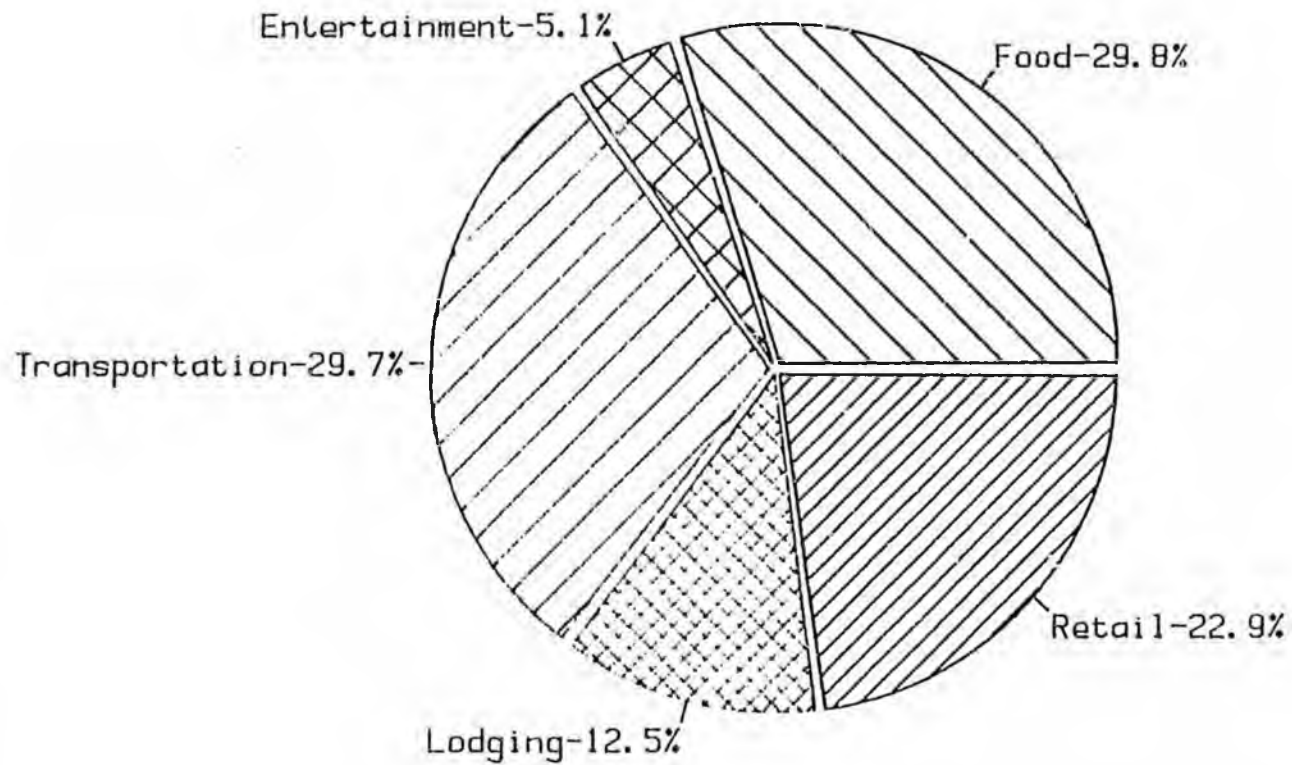
TABLE 3

EXPENDITURE BREAKDOWN FOR IDITAROD  
AND SUPPORTING EVENTS/ACTIVITIES

	<u>Expenditures</u>	<u>Payroll</u>	<u>Jobs*</u>
Food	\$ 4,446,558	\$1,391,772	118
General retail & gasoline	6,781,600	945,355	66
Lodging	567,871	183,990	16
Transportation	817,600	204,400	5
Entertainment	<u>1,370,161</u>	<u>376,657</u>	<u>35</u>
TOTALS	\$13,983,790	\$3,102,174	240

\*This figure is based on the "man years" generated over a 2080 hour year.

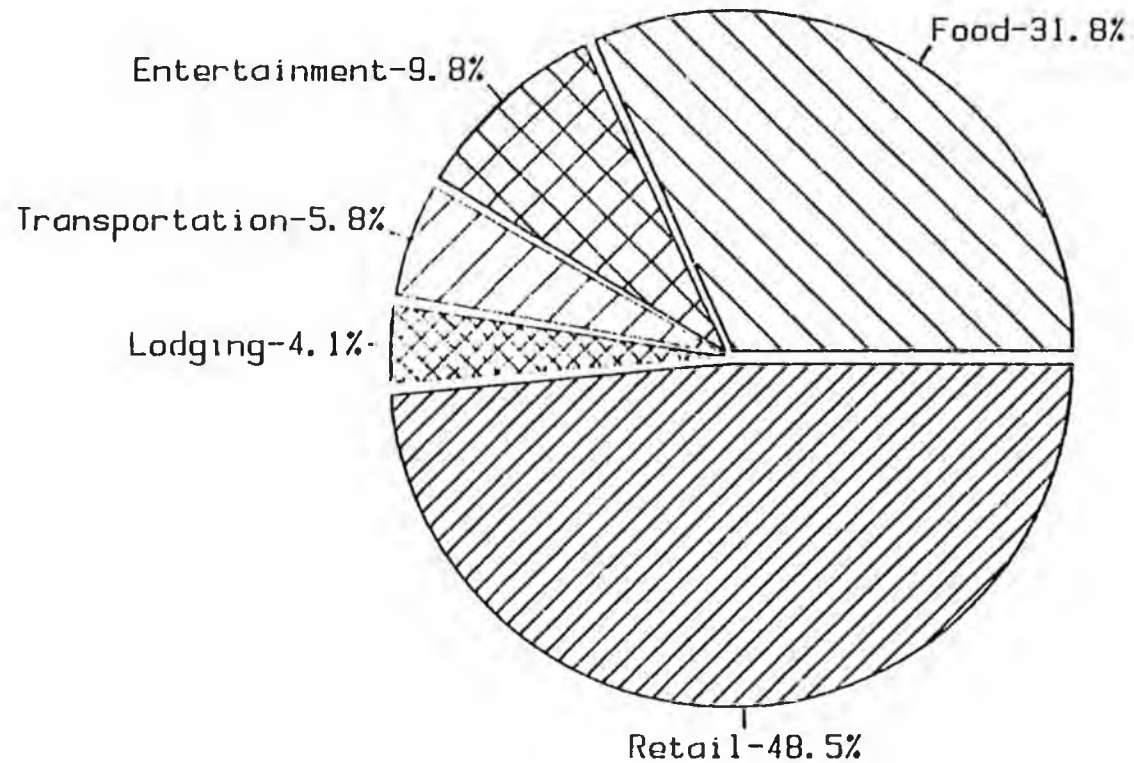
## REVENUE BREAKDOWN IDITAROD ONLY\*



TOTAL = \$2,333,790.00

\*Proportions based on a per dollar expenditure.  
Iditarod Economic Impact Report  
Produced by Gilmore Research Group, 1985

# REVENUE BREAKDOWN IDITAROD PLUS AFFILIATED EVENTS\*



TOTAL = \$13,983,790.00

\*Proportions based on a per dollar expenditure.  
Iditarod Economic Impact Report  
Produced by Gilmore Research Group, 1985

IDITAROD SUPPORTING ACTIVITIES & EVENTS: STATEWIDE

Anchorage/Wasilla

Race Start & Winter Carnival (over 40 events)

Check Point City/Locations (26 locations on the Race Route)

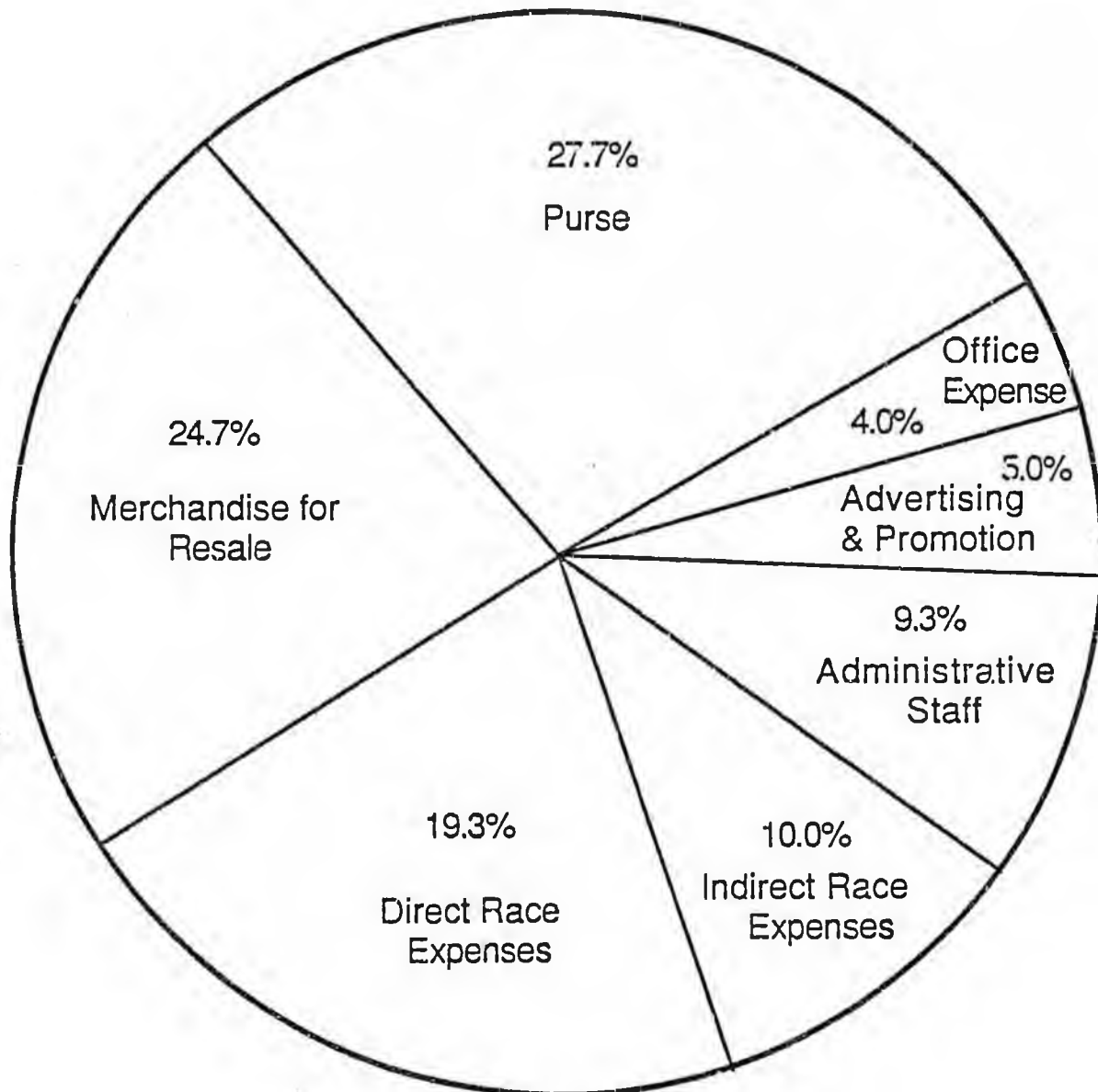
Fund Raisers Sponsoring Resident Alaska Musers (estimated at 25)

"Nome" Month of Iditarod (includes 10-11 events)

# Iditarod 1985

Total Expenses

Fiscal '84/85'



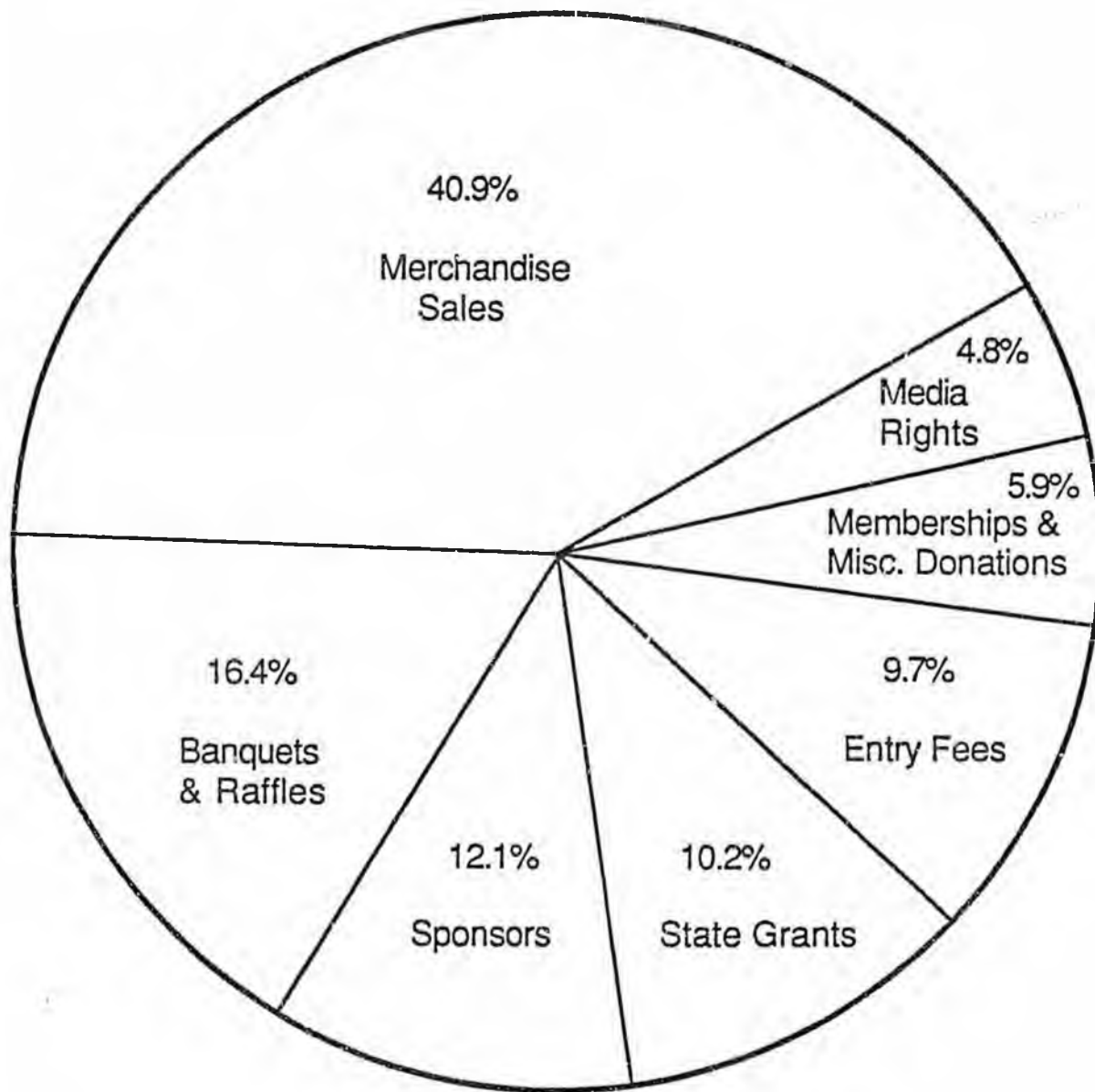
\$787,493.00

May 1, 1984 to April 30, 1985

# Iditarod 1985

Total Income

Fiscal '84/85'



\$787,493.00

May 1, 1984 to April 30, 1985

## 1986 Iditarod Sled Dog Race Request

### 1. Trail

Each year the Iditarod Committee breaks and marks the Iditarod Trail from Settler's Bay to Shageluk or Ruby. We must find colunteers to complete, at cost, this project. Many different groups use the trail when it is opened, including skiers, snowmobilers and recreational dog mushers. We need monies for machine rentals, expenses, gas, food, labor and markings. This year we will also be doing some major restoration work, brushing and clearing overgrown sections, plus installing \$6,000 worth of permanent markers.

\$ 30,000.00

### 2. Dog Care and Treatment

Our organization and our mushers insist on excellence in dog care. Last year over one thousand (1,000) dogs left Fourth Avenue in Anchorage heading for Nome. At every checkpoint along the trail we have veterinarians stationed to care for the dogs. Each veterinarian has medication and equipment to monitor the dogs condition and to perform emergency treatment if necessary. They also help the mushers keep their teams in top health by administering vitamins and foot salve. Veterinarians also check for the use of illegal drugs by having blood samples drawn and then sent off to be analyzed at Cornell University. Veterinary expenses include food, lodging, transportation, medical supplies and sample analysis.

\$ 18,000.00

### 3. Iditarod Air Force

Each year aviation insurance costs rise. The Iditarod Trail Committee must be protected, so we purchase this policy for a month and a half. We purchase gas and oil for our planes flying the trail, which adds to the local economy. Additionally this year we will be hiring local air charter services to facilitate getting the 130,000 pounds of dog food into the checkpoints in a timely fashion. Air Force expenses include food, lodging, gas, oil, insurance and charter costs.

\$ 30,000.00

### 4. Liability Insurance

We must have protection for spectators, municipalities, Bureau of Land Management, our volunteers and the Iditarod Trail Committee. Our dog truck is also insured.

\$ 6,000.00

ANALYSIS FOR SENATE BILL 52

An Act making a special appropriation for the 1985 Iditarod sled dog race

Senate Bill 52 appropriates \$72,000 to the Department of Commerce and Economic Development for a grant to the Iditarod Trail Committee. The Committee will apply this grant toward the expenses of conducting the 1985 Iditarod sled dog race.

As the longest sled dog race in the world, the Iditarod has become a major international challenge. Not only does the race commemorate an historic event, it also promotes tourism by portraying a positive image of Alaska throughout the world.

The Iditarod race furnishes Alaska with media exposure which could not be purchased for an equivalent sum. In 1983, the CBS Television Network broadcast the start of the race nationwide and last year a Japanese company produced an hour long film on the race which was shown on the Tokyo Broadcasting System. The Iditarod has been the focus of articles in National Geographic, GEO Magazine, Newsweek, People Magazine, and a recent book, The Last Great Race. This year's race will be featured on CBS's "Sports Saturday".

During recent years, the Legislature has made the following appropriations to support the race:

<u>FY</u>	<u>AMOUNT</u>	<u>USE</u>
81	\$ 25,000	race expenses
82	\$ 16,700	race expenses
83	\$100,000	trail improvements

For FY 84, the Legislature appropriated \$300,000 for a race committee headquarters, \$250,000 for right-of-way acquisition and \$65,050 toward operating last year's race.

This bill's appropriation would provide only a portion of the estimated \$468,000 needed to conduct the 1985 race. Enclosed in your packet is a breakdown of this \$72,000 request that was submitted by the Trail Committee.

5. Communications

An informed public is a knowledgeable public and each year we expand our communications technology all along the trail. Volunteer amateur radio operations are stationed at all remote checkpoints feeding hourly reports to base units and then via phone line to central headquarters in Anchorage. This year we are trying to involve the school children in the villages we pass through by experimenting with the use of computers to replace the radios in these villages, providing "hands on" learning experiences for the students. This data is then fed into a computer which converts it into human sounding speech and "speaks" this information over the phone to anyone who calls the computer hotline number. Over 25,000 calls were received throughout last year's race, many from news services in the lower 48 and around the world.

\$ 11,000.00

6. Office Equipment and Expenses

The cost of operating our office year round is great. We would like to include general office supplies in this request.

\$ 5,000.00

TOTAL REQUEST

\$ 100,000.00