

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

3526 HLAB SB 251 - SB 348

902

## FINDINGS AND RECOMMENDATIONS

### Recommendation No. 1

The Board of Psychologist and Psychological Associate Examiners should be allowed to terminate and the licensing of psychologists and psychological associates should be discontinued.

The Board has had a long history of not always operating in the public's best interest. Two reports by the Division of Legislative Audit dated August 5, 1975, and October 31, 1978, found that the Board has been unnecessarily restricting the licensing of qualified psychologists and psychological associates in the State. Several times the Attorney General has had to intervene and strongly advise the Board to halt these practices. Other reports by different organizations supported these findings.

We have reviewed the Board's performance since 1978 and conclude that past conditions still exist. The following has been left unresolved by the Board.

1. The Board has continued to be inconsistent in approving applicants to take the Board's examination and in licensing psychologists and psychological associates (see Prior Audit Recommendation No. 2).
2. The Board has continued to conduct its deliberations in secrecy (see Prior Audit Recommendation No. 3).
3. The Board has proposed and supported statutory changes which have unnecessarily restricted the licensing and practice of psychological associates and decreased the representation of the public on the Board (see Prior Audit Recommendations No. 1 and No. 8).
4. The Board has not passed or developed regulations establishing specialty designations for psychologists and psychological associates and requiring proof of continued competency before a license is renewed. Both types of regulations are required by AS 08.86.070 (see Prior Audit Recommendations No. 8 and No. 9).
5. The Board has inconsistently graded the essay examination. In addition, the records of applicants' grades are confusing, unorganized, and inaccurate (see Prior Audit Recommendations No. 2 and No. 7).

In our opinion, the Board's performance has not always been in the public's best interest. These actions not only discourage qualified applicants from attempting to become

licensed in the State, but also harm the public by artificially creating shortages of mental health practitioners. These shortages tend to increase the costs of mental health services in the State.

In our prior audit dated October 31, 1978, we recommended that if the Board continues to inconsistently apply the statutes, the Board's licensing function should be transferred to the Department of Commerce and Economic Development.



However, we believe that the intent of Sunset legislation is to reduce government control and interference over the public. The Alaska statutes broadly define who is to be licensed to practice psychology. The Board has not established regulations to better identify those professions who are covered by the statutes or to give guidance to those who are exempt. We found no evidence after reviewing complaints filed against those practicing psychology in the State that the public would be harmed by not licensing psychologists. The Board has never revoked or suspended a license and the violations filed with the Board have been minor in nature. Therefore, we recommend that the State eliminate licensing of psychologists and psychological associates and allow the profession and other legal remedies to regulate and discipline the practice of psychology (see Recommendation No. 2).

Other alternatives to the above recommendation would include terminating the Board and allow the Department of Commerce and Economic Development to certify qualified applicants. This approach to licensing would allow only qualified applicants to use the title "psychologist" or "psychological associate". However this would not prohibit other persons from practicing psychology (see Recommendation No. 2). Another option would be registration. In this case, all persons who practice psychology must register with the State. However, they do not need to meet minimum educational or experience requirements or be required to pass an examination.

Another alternative would be to require that professionals must have a minimum amount of malpractice insurance before being allowed to practice psychology. The insurance companies would then be responsible for establishing the minimum licensing requirements for psychologists. The Department of Commerce could keep a register of those qualified persons.

If the Board is not terminated and the licensing functions are not discontinued, then the following should be implemented.

2. Two applicants were given different identification numbers to take the national examination. One applicant did not show to take the examination. However, the Division of Occupational Licensing received grades for the identification number of the no-show. These grades were sent to the other applicant.
3. The Board took four months to process the grades for four applicants tested in October 1980. This processing time could be greatly reduced.
4. Board members are inconsistently grading the essay examination. We found that for the October 1980 examination, grades computed separately by two Board members for an applicant varied by 34 points. One member scored the examination as 52%. Another member grading the same paper scored it as an 86%. The official score given to an applicant is calculated by averaging the four Board members grades. This score could be skewed by a large difference in two members scores such as in the above example.
5. A Board member forgot to grade a question in the October 1980 examination. The question had a value of as much as 15 points.

The Ombudsman's Office has reviewed two complaints against the Board for delays in grading the examination. In addition, the office received another complaint in 1980 concerning ambiguous exam instructions. The complaint was later withdrawn since the complainant was allowed to retake the examination.

We found that the questions on the essay examination are similar to the topics covered on the standard national examination. Because of the similarity and the problems experienced with the essay examination, we suggest that the Board consider dropping the essay portion. In any case, we concur with our prior recommendation and recommend that a test manual be developed.

Prior Audit Recommendation No. 8

\* Legislation should be introduced to change licensing statutes for psychological associates in order to encourage more qualified applicants to apply and become licensed in the State.

As of September 30, 1978, there were only three licensed psychological associates (PA) in the State. Other psychological associates who were statutorily exempt from being licensed

may also have been practicing in the State. However from 1975 to 1978, at least two applicants were denied licensure because of the licensing requirements. Others may have been discouraged from applying.

#### Legislative Audit's Current Position

Chapter 58 SLA 80 made the following significant changes to the licensing requirements for PA's in 1980.

1. A qualified applicant for a PA's license must have three years postgraduate experience after obtaining a Master's Degree. The prior statutory requirement that applicants must have two years of Alaskan experience was deleted.
2. In order to practice as a PA, a licensee must be supervised by a licensed psychologist.
3. The duties that PA's may perform within the State were expanded. However, the statutes require that the Board restrict the practice of PA's to a speciality and identify the speciality on the license. The Board has not complied with all the statutes.

\* The licensing requirements now in effect are more restrictive than the prior statutes. Since the enactment of Chapter 58 an applicant has already been denied by the Board to take the PA examination due to his lack of three years of experience. He would have been eligible under the old statutory requirements.

There are eighteen other states which issue licenses to applicants with Master's Degrees. In a comparison of these states' licensing requirements, we found:

1. Nine of 13 states (69%) which issue psychological associate licenses similar to Alaska, require that applicants have one year or less of postgraduate experience before being qualified.
2. Five states (Iowa, Minnesota, Missouri, Pennsylvania, and West Virginia) issue psychology licenses to applicants with Master's Degrees. These states require that applicants have more than two years experience (the average is four years). However, they allow licensees to independently practice psychology. Minnesota does require that the licensees meet once a year with a licensed psychologist with a doctoral degree. Also, they license applicants with Master's Degrees by endorsement.

The audit proposal is more liberal than SB 251.

There have never been any complaints filed against PA's in the State. Based on the evidence, we suggest that the statutory licensing requirements be changed to allow PA's to be licensed after one year of postgraduate experience. In addition, they should be allowed to practice independently within their specialty with an option that for the more complex psychological practices, supervision may be required. An alternative would be to allow applicants with Master's Degrees and four years of experience to be licensed as psychologists. Also we suggest that the Board be allowed to license PA's and/or psychologists with Master's Degrees by endorsement.

Prior Audit Recommendation No. 9

Legislation should be introduced requiring continuing education for psychologists and psychological associates.

A program of continuing education will assist in avoiding professional obsolescence and keep practitioners aware of changes taking place in the profession. Twenty-two of 28 psychologists responded to a Legislative Audit questionnaire that they believed continuing education should be required for their profession. In addition, the American Psychology Association endorsed the concept and had determined that 11 states required it.

Legislative Audit's Current Position

Chapter 58 SLA 1980 in part states: "The Board shall adopt regulations requiring proof of continued competency before a license is renewed." As of May 15, 1981, the Board has not held hearings on nor adopted continued competency regulations. However, they have discussed the need for these regulations in their meetings. We encourage them to begin the process of adopting regulations as soon as possible.

Prior Audit Recommendation No. 11

The Division of Occupational Licensing should develop a procedures manual for the licensing examiner supporting the Board.

In 1978 the licensing examiner supporting the Board had no procedures manual with which to guide his/her actions. There have been five license examiners for the Board from 1976 to 1978. With this high turnover, it is necessary that there are standard guidelines to help new and old employees.

ROBERT M. ARVIDSON  
Box 258  
Cardova, Alaska 99574

April 4, 1986

Rep. Mike Navarre, Ch. L&C.  
P.O. Box V  
Juneau, AK 99811

Re: CSSB 251 (HESS)

Dear Rep. Navarre,

This is a letter of support for CSSB 251 in its entirety as passed by the Senate April 2, 1986.

I am enclosing some back ground material for the Committee's information. It is my understanding that Senator Keritula's office will also be forwarding some of my testimony to your committee.

Although I did have some reservations as indicated in the enclosed copy of my March 14, 1986 letter, I now believe the remaining concerns can be properly addressed when the psychology board proposes regulations as stipulated in the Senate Letter of Intent for the bill.

It is my opinion that there is a compelling state interest for this piece of legislation (i.e., to enhance mental health delivery systems at no additional cost to the state). I urge the Committee to report it out with do pass recommendations.

Sincerely yours,  
Robert M. Arvidson  
Robert M. Arvidson

ENCs.

ROBERT M. ARVIDSON  
Box 258  
Cordova, Alaska 99574

February 22, 1986

Senator Jay Kerttula  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Re: Draft CSSB 251 (HESS): Number of graduate psychology programs in the U. S. A.  
(may also include Canada).

Dear Senator Kerttula,

I am enclosing a copy of an article from the March 1985 apa Monitor that sheds some light on the number of graduate psychology programs in the USA. The article indicates that some 200 programs are accredited by the APA and 150 more could seek this type of endorsement. Another 250 programs could qualify for a form of recognition known as 'designation'. This would account for 600 of the 1200 programs referred to in the enclosed article by APA Staff Writer Jeffrey Mervis.

As the article notes, the APA approved program scheme has been subjected to debate and criticism over a ten year period, particularly by large research universities.

A review of AS 08.86.230(2) suggests why many major universities have criticized the APA stipulations. Often, practice acts, like Alaska's, are generic and include prohibitions against conducting research or applying psychological principles unless licensed. According to AS 08.86.230, it is actually against Alaska law to 'prevent' emotional or mental disorders without a license. Who wouldn't criticize this?


California licensure law (used as a model for SB 251) recognizes the problems inherent in requiring program approval by professional associations of psychologists such as the APA and specifically prohibits this as Alaska should through CSSB 251. The California regulations (re: my letter of Jan. 3, 1986 to Senate HESS) incorporate educational requirements (Reg. 1386, enclosed) based on APA criteria without denying access to licensure to qualified applicants who for various reasons have not attended APA approved schools.

It is difficult to determine exactly how many of the programs referred to in the enclosed article are clinical or counseling programs per se, but at least 600 of the programs obviously merit consideration for accreditation or designation. This still leaves another 600 programs that must have something to offer. Why should Alaska psychology licensure law exclude 1,000 programs?

I am enclosing a copy of a letter that indicates Alaska has one doctoral student studying psychology at Washington State University.

Best regards as always,

Sincerely,



Robert M. Arvidson

Encs.

cc: Senator Bettye Fahrenkamp, Ch: Senate HESS  
Senator Joe Josephson, Co-sponsor, SB 251, Senator R. Eliason  
Other interested parties



American Psychological Association

# Council acts on designation, test standards, animal care guidelines

By Jeffrey Mervis  
Staff Writer

WASHINGTON — A system to designate graduate programs in psychology has been approved by the American Psychological Association, capping five years of work by a special task force and nearly a decade of debate on the issue.

The action was taken last month by the Council of Representatives at its winter meeting here. In 2½ days of meetings, Council also approved revisions to the Joint Technical Standards for Educational and Psychological Testing, adopted interim Guidelines for Ethical Conduct in the Care and Use of Animals, and agreed to ask the membership again to change the association's bylaws in an attempt to ensure that there are ethnic minorities on Council.

As part of a lengthy agenda, it unanimously adopted a resolution on the impact of television violence on children, supported in principle the concept of a merger between the Association for the Advancement of Psychology and the association, and discussed various ways to change the annual convention to reduce its size, improve its substance and make its structure more accessible.

The report from the Task Force on Education and Credentialing was carried over from the last meeting as one of several items Council refused to discuss while the antitrust suit against APA and the Council for the National Register was pending. That self-imposed silence was lifted after a federal judge threw out the case in a summary judgment announced in January.

The task force used the additional



Asher Pacht  
*A tough job isn't over*

time to revise its report to address persistent criticism from psychologists at several large research universities. The change in the section on criteria clarifies the process through which psychology programs at such institutions may achieve designation.

## Three routes

The report describes three paths which programs can take to obtain designation. The first is through APA accreditation. The second is through an existing review process — site visitations and ongoing evaluation — of programs within recognized departments of psychology. The third is by meeting nine criteria that address such matters as regional accreditation, the role of psychologists in the program, the relationship of the program to the institution and the way it is portrayed to outsiders,

its students, its sequence of courses and requirements, and the content of those courses.

The majority of the graduate programs in psychology would need to follow the third, and most time-consuming, option to obtain designation. There are more than 1,200 programs listed in the biannual *Graduate Study in Psychology and Associated Fields* published by the association; slightly more than 200 are APA-accredited, and about 150 more could eventually seek such accreditation. There are by estimation of the task force, as many as 250 programs that could qualify under the second option.

The report emphasizes the difference between designation and APA accreditation. Designation, it declares, is meant to ensure "that the general educational requirements that characterize a graduate program

in psychology . . . are being maintained and implemented." Accreditation, on the other hand, "reflects additional evaluation of quality standards of advanced education and training as specified by the association."

The chair of the task force, Asher Pacht, was visibly relieved by the strong support given the report by Council. "I'm elated," he said. "It was vitally important that APA go on record to adopt a policy that contains these criteria for designation."

But a victory celebration is premature, he acknowledged. Council discussed but did not act on one important aspect of the task force's report, namely, how to implement such a designation system. It asked the Board of Directors to appoint a small, ad hoc group to study the cost of the three options the task force suggested, as well as their legal

implications.

Those options are: Having APA create and operate its own designation system; having APA join with other groups, for example, the National Register, the American Association of State Psychology Boards and the Council of Graduate Departments of Psychology, in operating such a system; or delegating responsibility for implementation to an outside group or consortium.

The ad hoc group was asked to submit its report in time for Council to act at its August meeting.

Page 3  
Composite

RMA

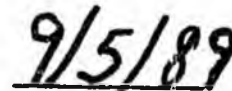


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Date

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SB 260 File Contents

April 22, 1985 Monday

- 1) Bill Summary -- Legislative Reporting Service
- 2) Overview -- Provided by Senate L & C staff (nd)
- 3) Fiscal Note -- Dept. of Commerce & ED (4/2/85)
- 4) Statutes -- AS 21.59.020
- 5) Written testimony before Senate L & C Committee, (4/3/85)
- 6) Letter from Michael Lessmeier to Senator Eliason (2/21/85)

SB 260: "AN ACT RELATING TO AUTOMOBILE SERVICE CORPORATIONS"

THIS LEGISLATION WAS INTRODUCED TO CORRECT AN OVERSIGHT WHICH OCCURRED IN LEGISLATION PASSED LAST YEAR. LAST YEARS BILL PROVIDED THAT AN AUTOMOBILE SERVICE CORPORATION BE INCORPORATED AS A NON PROFIT CORPORATION WHICH RESULTED IN PRECLUDING THE "FOR PROFITS" FROM DOING BUSINESS IN THIS STATE. ONE OF THE "FOR PROFIT" MOTOR CLUBS OPERATING IN THE STATE CURRENTLY HAS 4,741 ALASKAN MEMBERS, AND DURING TESTIMONY BEFORE THE COMMITTEE, THE DIVISION OF INSURANCE EXPRESSED ITS SUPPORT FOR CORRECTION OF THIS OVERSIGHT. THIS IS A NON CONTROVERSIAL BILL AND I URGE ITS PASSAGE BY THE BODY.

AUTOMOBILE SERVICE CORPORATIONS PROVIDE THEIR MEMBERS BENEFITS SUCH AS REIMBURSEMENT FOR TOWING AND ROAD SERVICE EXPENSES, LOST KEY AND LOCK\_ OUT BENEFITS, AND THEFT AND HIT AND RUN PROTECTION.

--Makes violation of AS 08.04 a class A misdemeanor (currently is a misdemeanor punishable by a fine of not more than \$500, up to one year in jail, or both). A class A misdemeanor is punishable by a maximum fine of \$5,000, up to one year in jail, or both.

--Adds new section on confidential communications. Prohibits disclosure of confidential information except with the consent of the client or former client, unless required by law.

--Adds definition of the "practice of public accounting" to mean "the performing or offering to perform one or more services involving the use of accounting or auditing skills, including issuing reports on financial statements or management, advising or consulting on the preparation of tax returns, or advising on tax matters." Presently the term is not defined.

--Repeals section establishing a majority of the board as a quorum to perform business.

--Repeals section requiring a person to be a resident, 19 years old, and of good moral character in order to be eligible for licensure (amendments in the bill require person to be of "good character," have the required education, pass the exam, and pass the ethics examination by the American Institute of CPA's).

--Makes other miscellaneous changes and deletions to AS 08.04.

Effective January 1, 1986.

Introduced March 28 and referred to Labor & Commerce, Judiciary and Finance.

Auto Service Corporations

SENATE BILL NO. 260, by Senator Zharoff. Amends law enacted last year (Ch. 135, SLA 1984) allowing for the establishment of automobile service corporations in Alaska. As passed by the Legislature, AS 21.59 only allowed for nonprofit automobile service corporations. This bill would allow profit and nonprofit corporations to be issued a certificate of authority to operate in Alaska. Amends AS 29.59.020(a). Does not provide for an effective

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INTRODUCTION OF BILLS (Senate)(cont'd)

SB 260 (cont'd)

date (becomes law 90 days after signed).

Introduced March 28 and referred to Labor & Commerce.

Appropriation (special) (Kenai Pioneers' Home)

SENATE BILL NO. 261, by Senators P. Fischer and DeVries. Would appropriate \$250,000 to the Dept. of Administration for architectural, engineering, design, and planning work on the Kenai Pioneers' Home. Does not lapse. Effective July 1, 1985.

Introduced March 29 and referred to State Affairs and Finance

Amateur Radio Week

SENATE BILL NO. 262, by Senator P. Fischer. Would designate the last full week in June of each year as Amateur Radio Week "to increase public awareness of the vital importance of amateur radio to the life and safety of the citizens of Alaska." Does not provide for an effective date (becomes law 90 days after

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: SB 260  
 Title: "An Act to permit automobile  
 service corporations"  
 Sponsor: Zharoff  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Consumer Protection  
 BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Insurance

EXPENDITURES, REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>(OPERATING)</b>								
100 PERSONAL SERVICES								
200 TRAVEL								
300 CONTRACTUAL								
400 SUPPLIES								
500 EQUIPMENT								
500 LAND & STRUCTURES								
700 GRANTS, CLAIMS								
300 MISCELLANEOUS								
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND								
FEDERAL FUNDS								
OTHER								
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME								
PART-TIME								
TEMPORARY								

ANALYSIS: Attach a separate page if necessary

Prepared By: John L. George, Director Phone: 465-2515  
 Division: Insurance Date: 4/2/85  
 Approved by Commissioner: Loren H. Lounsbury Date: 4/2/85  
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and \_\_\_\_\_

Impacted Agency(ies)

\_\_\_\_\_/1/84

**Sec. 21.57.170. Short title.** This chapter may be cited as the Model Act for the Regulation of Credit Life Insurance and Credit Disability Insurance. (§ 1 ch 120 SLA 1966)

### Chapter 59. Automobile Service Corporations.

Section	Section
10. Applicability	40. Certificate of authority
20. Incorporation and certificate of authority required	50. Reserves
30. Qualifications for certificate of authority	60. Records and accounts
	70. Other provisions applicable
	900. Definitions

**Sec. 21.59.010. Applicability.** (a) This chapter applies to a person, firm, corporation, or organization providing or intending to provide automobile service corporation services as defined in AS 21.59.900 for subscribers in exchange for periodic prepayments by a subscriber.

(b) This chapter does not apply to a person issued a certificate of authority under AS 21.09.

(c) Other provisions of this title do not apply to an automobile service corporation except as expressly provided in this chapter. (§ 1 ch 135 SLA 1984)

**Sec. 21.59.020. Incorporation and certificate of authority required.** (a) A person providing or intending to provide automobile service corporation services shall be incorporated as a nonprofit corporation and be currently authorized as an automobile service corporation under a certificate of authority issued by the director under this chapter.

(b) If the corporation is to be formed under the laws of this state, the articles of incorporation of the proposed corporation or amendments to existing articles of incorporation shall be submitted to the director before they are filed with the commissioner of commerce and economic development. The commissioner of commerce and economic development may not file the articles or amendments unless the director's approval is endorsed. The director shall approve the articles or amendments unless the director finds that the articles or amendments do not comply with law. If not approved, the director shall return the proposed articles of incorporation to the incorporators or amendments to the corporation, together with a written, detailed statement of the reasons for nonapproval. (§ 1 ch 135 SLA 1984)

**Sec. 21.59.030. Qualifications for certificate of authority.** The director may not issue a certificate of authority to be or act as an automobile service corporation and shall revoke an existing certificate of authority unless the corporation:

(1) if a newly formed corporation, possesses sufficient available working funds to pay all reasonably anticipated costs of acquisition of new business and operating expenses, other than losses, for a period of

STATEMENT BEFORE  
SENATE LABOR AND COMMERCE COMMITTEE  
HEARING ON SB 260  
PRESENTED ON BEHALF OF ALLSTATE MOTOR CLUB, INC.

April 3, 1985

Mr. Chairman, members of the Labor and Commerce Committee, my name is Michael Lessmeier. I am a lawyer from Juneau and am here on behalf of Allstate Motor Club, Inc. to support Senate Bill 260, which would allow a profit or non-profit corporation to obtain authorization as an automobile service corporation.

During the past legislative session, Chapter 59 of Title 21 was enacted. AS 21.59.020(a) states that a person providing or intending to provide "automobile service corporation services shall be incorporated as a non-profit corporation . . ." (emphasis added). The legislation before you would simply delete the "non-profit" aspect of Chapter 59 and thus allow a corporation authorized as an automobile service corporation under a certificate of authority issued by the Division of Insurance to provide automobile service corporation services. In researching the legislative history of Chapter 59, we have not discovered any discussion dealing with the "non-profit" aspect of this bill and we can conceive of no reason why a duly authorized corporation

should not be allowed to offer this service so long as it is issued an appropriate certificate of authority by the Director of the Division of Insurance, as required by the other provisions of this chapter.

Allstate Motor Club, Inc. is an automobile service corporation which provides its members certain benefits including reimbursement for covered expenses involving towing and road service expenses, trip interruption claims, legal defense claims, lost key/lockout benefits, and theft/hit-and-run protection. Other benefits include lodging and rent-a-car discounts, Discovery magazine and trip planning. Allstate Motor Club, Inc. is an affiliate of Allstate Insurance Company, and as of December 31, 1984, had approximately 1,268,000 members nationwide, and 4,741 members in Alaska.

Since Allstate Motor Club is a profit as opposed to a non-profit corporation, the "non-profit" requirement of this bill will effectively put Allstate Motor Club out of business in Alaska and we do not believe this was the intent of the legislation. As far as we know, there is no advantage to the consumer in requiring an automobile service corporation to be "non-profit", and in fact, this requirement may well effectively eliminate from the market any service corporation which does not qualify as "non-profit".

We do believe these corporations provide a benefit to the public which is in demand, and we ask your support of this legislation.

HUGHES THORSNESS GANTZ  
POWELL & BRUNDIN

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JERRY E. MELCHER  
JOE M. HUDDLESTON  
SIGURD E. MURPHY  
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MARY K. HUGHES  
FRANK A. PFIFFNER  
RALPH R. BEISTLINE\*  
GORDON J. TANS\*\*\*  
R. CRAIG HESSER  
ROBERT L. MANLEY  
JAMES M. GORSKI  
TIMOTHY R. BYRNES

JAMES M. SEEDORF  
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JOSEPH R. D. LOESCHER  
JAMES F. KLASER  
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JOHN B. THORSNESS  
JAMES R. SZENDER  
GAIL M. BALLOU\*  
GREGORY W. LESSMEIER\*

\*FAIRBANKS OFFICE  
\*\*JUNEAU OFFICE  
\*\*\*VALDEZ OFFICE

February 21, 1985

Senator Richard I. Eliason  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: Alaska Statute 21.59. Automobile Service Corporations

Dear Senator Eliason:

I stopped by your office today to discuss with Sheila chapter 59 of Title 21, dealing with Automobile Service Corporations, which was passed this last legislative session. As you know, I represent Allstate Insurance Company, and have been asked on behalf of an affiliate of Allstate Insurance Company, Allstate Motor Club, Inc., to look into this legislation. Allstate Motor Club, Inc. is an Automobile Service Corporation which provides its members with the benefits that are described in the club's "Official Service Contract", a copy of which I have enclosed for your information. Prospective members are enrolled by licensed Allstate Insurance Company agents, each of whom is an authorized representative of the Allstate Motor Club and in addition by direct mail efforts. Mail solicitations are included with various Sears, Roebuck and Company and Allstate Insurance Company bills and other promotional mailings and by other direct mail programs.

Members are entitled to reimbursement for covered expenses involving towing and road service expenses, trip interruption claims, legal defense claims, lost keys/lockout benefit, and theft/hit-and-run protection. Other benefits include lodging and rent a car discounts, Discovery magazine and trip planning.

Senator Eliason  
February 21, 1985  
Page 2

Allstate Insurance Company indemnifies Allstate Motor Club through a \$20 million protective policy. Allstate Life Insurance Company, also an affiliate, insures motor club members for accidental death or dismemberment.

As of December 31, 1984 Allstate Motor Club had 1,268,000 members nation-wide, and 4,741 members in Alaska.

During the past legislative session, chapter 59 of Title 21 was enacted. Alaska Statute 21.59.020(a) expressly provides that a person providing or intending to provide "Automobile Service Corporation services shall be incorporated as a nonprofit corporation . . ." (emphasis added). Allstate Motor Club is not a nonprofit corporation. I have looked through the legislative history of chapter 59, and have not discovered any discussion dealing with the "nonprofit" aspect of this bill. The "nonprofit" requirement of this bill will effectively put Allstate Motor Club out of business in Alaska, and we simply do not believe that was the intent of this legislation. If the "nonprofit" aspect of this legislation is not removed, Allstate Motor Club will not be able to continue to do business in Alaska and we would hope this legislation could be corrected to prevent this from occurring. This could be accomplished simply by removing the word "nonprofit" from AS 21.59.020(a). We would think this amendment would be simply a technical amendment and would hope that it would be noncontroversial. We stand ready to provide any further information you feel might be of assistance.

Sincerely,

HUGHES THORSNESS GANTZ  
POWELL & BRUNDIN

By:  
Michael L. Lessmeier

Enclosure  
MLL/mh

cc: Rep. Fritz Pettyjohn



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

9/5/89  
Date

S B

268



M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Aide

Date: April 25, 1985 Thursday Meeting

Subject: Overview, SB 268, relating to the Kuskokwim Ice Classic

---

This bill has not been proposed in previous legislative sessions, and there is no companion bill in the Senate. In the Senate, the bill was proposed by Senator Sackett; where it had only a Finance Committee referral. It passed the Committee unanimously, and it passed the Senate on April 15, 1985 by a vote of 15 - 0 - 2 - 1. Senators Kelly and Ray were opposed, , Coghill and P. Fischer were excused, and Ferguson was absent. The fiscal note from the Dept. of Revenue is zero.

Support for the bill in the Bethel area has been given by all of the non-profit organizations in the area, and asking that Bethel Social Services, Inc. be the named organization to run the ice classic. The Committee may wish to consider whether they want to specifically name Bethel Social Services, Inc. as the organization to run the Kuskokwim Classic, or whether to leave it in unspecified terms similar to the references to the Nenana and Chena Ice Pools. In an era of increasing revenue shortages, we are apt to see an increasing number of such Pools develop, and may wish to rewrite AS 05.15.210(12) so any pools can be named in general terms without specifying a named organization which may or may not be present in 5 or 10 years. On the other hand, it took three years of local effort in the Bethel area to get all of the 8 named groups to sign off on the agreement, and thus failure to name Bethel Social Services, Inc. as the group could cause unneeded complication in the Bethel area.

SE 268 File Contents

April 25, 1985 Thursday Meeting

- 1) Bill Summary -- Legislative Reporting Service
- 2) Overview -- Roger Poppe, Committee Staff
- 3) Alaska Statute AS 05.15.210(12)
- 4) Fiscal Note -- Dept. of Revenue
- 5) Memo to Chairman Navarre from Senator Sackett -- April 17, 85
- 6) Memo to Senator Faiks from Senator Sackett -- April 10, 85
- 7) Request for Kuskokwim Ice Classic, signed by 8 organizational representatives in Bethel area
- 8) Measure History -- Tear Sheet

April 8, 1985

REPORT NO. 12

INTRODUCTION OF BILLS (Senate)

Teleconferencing  
(use of for public meetings)

SENATE BILL NO. 267, by the Labor & Commerce Committee. "Legalizes" the use of teleconferencing for public meetings under the state's Administrative Procedure Act (AS 44.62). With minor corrections and changes, identical to the Governor's HB 140, page 188. Does not provide for an effective date (becomes law 90 days after signed).

Introduced April 1 and referred to State Affairs.

Kuskokwim Ice Classic  
(authorizing)

SENATE BILL NO. 268, by Senator Sackett. Adds the Kuskokwim Ice Classic to the list of authorized ice classics in Alaska. Currently only the Nenana and Chena Ice Pools are authorized under AS 05.15.210(12). An ice classic is a game of chance in which a prize of money is awarded for the closest guess of the time the ice moves in a body of water or watercourse in Alaska. The Kuskokwim Ice Classic would be operated and administered by Bethel Social Services, Inc. Does not provide for an effective date (becomes law 90 days after signed).

Introduced April 2 and referred to Finance.

Cabins on State Land

SENATE BILL NO. 269, by Senators Bennett, Ferguson and Coghill. Would allow a person who possesses a cabin on state land to apply to purchase up to one acre of the state land occupied by the cabin. The cabin must have been erected before January 1, 1980, and the land would be sold for fair market value of the land on January 1, 1980 as determined by the Commissioner of Natural Resources.

Survey costs would be paid by the applicant. If the cabin is located on a waterfront, the Commissioner of DNR must reserve an easement not to exceed 20 feet wide. If the cabin is in land that has been withdrawn under AS 16 (Fish and Game Code) or AS 41 (Public Resources--withdrawals for forests and parks) since January 1, 1980, the land must be sold notwithstanding its withdrawal. Effective immediately.

Introduced April 3 and referred to Resources.

Charter Commission Members

SENATE BILL NO. 270, by Senator Kerttula. Changes residency requirements for home rule charter commission members. Currently under AS 29.13.010(b), candidates for charter commissions must be qualified voters of the municipality and residents of the municipality for three years immediately preceding the election.

Cross references. — As to sentences for misdemeanors, see AS 12.55.135.

**Sec. 05.15.210. Definitions.** In this chapter

(1) "bingo" means a game of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, five or more in one line, the holder covering numbers when objects similarly numbered are drawn from a receptacle, and the game being won by the person who first covers a previously designated arrangement of numbers on the card;

(2) "charitable organization" means an organization, not for pecuniary profit, which is operated for the relief of poverty, distress, or other condition of public concern in the state, and which has been so engaged for five years before applying for a permit under this chapter;

(3) "civic or service organization" means any branch or lodge or chapter of a national or state organization which is a civic or service organization, not for pecuniary profit, and authorized by its written constitution, charter, or articles of incorporation, or bylaws to engage in a fraternal, civic or service purpose in the state and which has been so engaged for five years before applying for a license under this chapter;

(4) "contest of skill" means a contest or game in which prizes are awarded for the demonstration of human skills in marksmanship, races, and other athletic events;

(5) "dog mushers' association" means a civic, service or charitable organization in the state, not for pecuniary profit, formed exclusively to promote interest in the breeding and training of dog teams for work or recreational and racing purposes and which has been in existence for five years before applying for a permit under this chapter, but does not include an organization formed or operated for gaming or gambling purposes;

(6) "dog mushers' contest" means a contest in which prizes are awarded for the correct guess of the racing time of a dog team or of team position in the race, including prizes to the race contestants;

(7) "educational organization" means a civic, service or charitable organization in the state, not for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction and which has been in existence for five years before applying for a license under this chapter;

(8) "fishing-derby association" means a civic, service or charitable organization in the state, not for pecuniary profit, whose primary purpose is to promote interest in fishing for recreational purposes and which has been in existence for five years before applying for a permit under this chapter, but does not include an organization formed or operated for gaming or gambling purposes;



STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: SB 268  
 Title: An Act relating to Ice Classics  
 Sponsor: Sackett  
 Requestor: Senate Finance  
 Date of Request: 4/5/85

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: General Government  
 BRU, Program or Subprogram(s) Affected: Public Services Operating

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-	-0-	-0-	-0-	-0-	-0-
400 SUPPLIES	-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-	-0-	-0-	-0-	-0-	-0-
OTHER	-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-	-0-	-0-	-0-	-0-	-0-

**ANALYSIS:** Attach a separate page if necessary

Prepared By: Sally Smith, Director

Division: Public Services

Phone: 465-2392

Date: 4/8/85

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 4/10/85

Distribution (by Agency preparing fiscal note):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

# Alaska State Legislature

SENATOR

**John C. Sackett**

CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

MEMBER  
LABOR & COMMERCE COMMITTEE  
BUDGET & AUDIT COMMITTEE  
SENATE ADVISORY COUNCIL  
COMMITTEE ON COMMITTEES



**Senate**

HOME ADDRESS  
P O BOX 11  
RUBY, ALASKA 99768

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
TELEPHONE 465-3753

ANCHORAGE  
TELEPHONE 272-3404

## MEMORANDUM

Date: April 17, 1985

To: Representative Mike Navarre  
Chairman - House Labor & Commerce

From: Senator John C. Sackett  
Co-Chair, Senate Finance Committee *JCS*

Subj: SB-268, authorizing the operation of an annual  
Kuskokwim Ice Classic.

I would request that the House Labor & Commerce Committee hear SB-268, as soon as is convenient for the committee members.

I am attaching a memo from myself to Senator Jan Faiks that outlines the request for a Kuskokwim Ice Classic, as well as a joint letter of agreement between eight regional non-profit organizations in the Bethel area that would share in whatever profits may be derived from an ice classic. You will note that the groups are viewing the ice classic as one way in which to generate funds for the various programs they offer with the idea of reducing their dependency on the state for funding.

Thank you in advance for your consideration of my request. Please do not hesitate to contact myself, or my Assistant, Max Gifford, if we can provide additional information.

# Alaska State Legislature

SENATOR

**John C. Sackett**

CO-CHAIRMAN

SENATE FINANCE COMMITTEE

MEMBER

LABOR & COMMERCE COMMITTEE

BUDGET & AUDIT COMMITTEE

SENATE ADVISORY COUNCIL

COMMITTEE ON COMMITTEES



**Senate**

HOME ADDRESS  
P O BOX 11  
RUBY, ALASKA 99761

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99811  
TELEPHONE 465-3753

ANCHORAGE  
TELEPHONE 272-3403

*File - natal  
Dumont's reference  
long case.*

## MEMORANDUM

Date. April 10, 1985

To: Senator Jan Faiks  
Co-Chair, Senate Finance

From: Senator John C. Sackett *JCS*  
Co-Chair, Senate Finance

Subj: SB-268, Authorizing the Kuskokwim Ice Classic

Attached is a letter of agreement between eight non-profit organizations in the Bethel region who have requested that the State permit them to operate the Kuskokwim Ice Classic on an annual basis. SB-268 would provide the authorization for the ice classic.

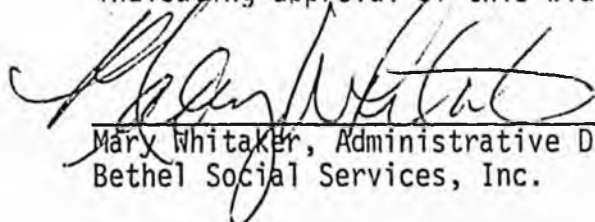
The idea for an ice classic was developed by Bethel Social Services, Inc. as a method by which the non-profit organization could generate income to assist in financing the various service programs they operate in the Bethel region. The other non-profit groups became interested and it was decided by all groups that Bethel Social Services would operate the ice classic and that funds generated by the classic would be shared by all the groups involved.

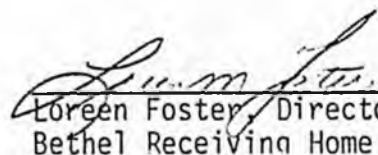
As you will note from the agreement the groups are very cognizant of the projected decrease in state revenues which will adversely impact the programs they operate. In an effort to generate additional revenue other than state funds the non-profits involved have asked for the Kuskokwim Ice Classic.

THE KUSKOKWIM ICE CLASSIC

There are eight non-profit organizations in Bethel which provide programs and services to residents in Bethel and the surrounding villages in the Yukon-Kuskokwim Delta area. These are: Bethel Social Services, Inc., Bethel Receiving Home, Inc., Nunam Kitlutsisti, the Southwestern Alaska Council for Prevention of Child Sexual Abuse, the Association of Village Council Presidents, the Bethel Group Home, Inc., Tundra Women's Coalition, and the Prematernal Home. With the coming decrease in the level of State funding for human services, it is important that these organizations increase their level of discretionary income in order to continue to provide services and to increase the level of quality and volume of service. Such a source of income could be the Kuskokwim Ice Classic. Thus, Bethel Social Services, Inc. is requesting the legislature to approve a permit to operate an ice classic. Bethel Social Services, Inc. would operate and administrate the ice classic maintaining separate records and bank accounts for that purpose. An advisory board consisting of one representative from each of the eight organizations would oversee the operation in general, negotiate the administrative fee with Bethel Social Services, Inc., and determine the division of the income produced among the organizations. So while Bethel Social Services, Inc. would be the agency with the permit for the ice classic, all of the non-profit, human service organizations in Bethel would benefit from the ice classic income.

Below are the signatures of a representative from each organization indicating approval of this plan.

  
Mary Whitaker, Administrative Director  
Bethel Social Services, Inc.

  
Loreen Foster, Director  
Bethel Receiving Home, Inc.

Kent Kaltenbacher  
Kent Kaltenbacher, Director  
Bethel Group Home, Inc.

Gene Peltoja  
Gene Peltoja, President  
Association of Village Council President

Liz Illg  
Liz Illg, Executive Director  
Tundra Women's Coalition

Maggie O'Brien  
Maggie O'Brien, Director  
Prematernal Home

Clara Kelly  
Clara Kelly, Coordinator  
Southwestern Alaska Council for  
Prevention of Child Sexual Abuse

Harold M. Sparck  
Harold M. Sparck, Director  
Nunam Kitlutsisti

AN ACT RELATING TO ICE CLASSICS.

PRIME SPONSOR: SACKETT  
CO-SPONSORS:

\$000 GENERAL(FNOTE)

\$000 OTHER(FNOTE)

CURRENT STATUS: (H) L&C

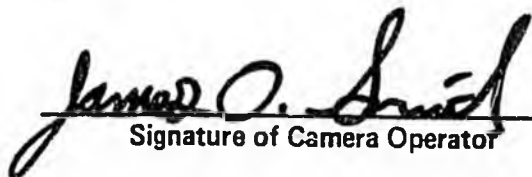
DATE		PAGE	ACTION
04/02/85	(S)	696	READ THE FIRST TIME
04/12/85	(S)	781	FIN RPT 7 DP, ZERO FISCAL NOTE
04/15/85	(S)	799	RLS RPT CALENDAR TODAY
04/15/85	(S)	803	READ THE SECOND TIME
04/15/85	(S)	803	ADVANCED TO THIRD READING UNAN CONSENT
04/15/85	(S)	803	READ THE THIRD TIME SB 268
04/15/85	(S)	804	PASSED Y15 N2 X2 A1
04/15/85	(S)	805	TRANSMITTED TO (H)
04/16/85	(H)	946	READ THE FIRST TIME LABOR&COMMERCE



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

S B

3 4 8

HOUSE  
COMMITTEE REPORT

3/12

(7)

Date referred: 2/7/86

FURTHER REFERRALS: FINANCE

DATE: 3/10/86

The LABOR & COMMERCE 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 \_\_\_\_\_  same title
- \_\_\_\_\_  new title

and recommends \_\_\_\_\_

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

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

SIGNING DO PASS:

Pat Buchanan

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNING OTHER RECOMMENDATIONS:

Mike Savane (no rec)

Pat Buchanan (no rec. - more info. needed)

George Lindsey (No-rec)

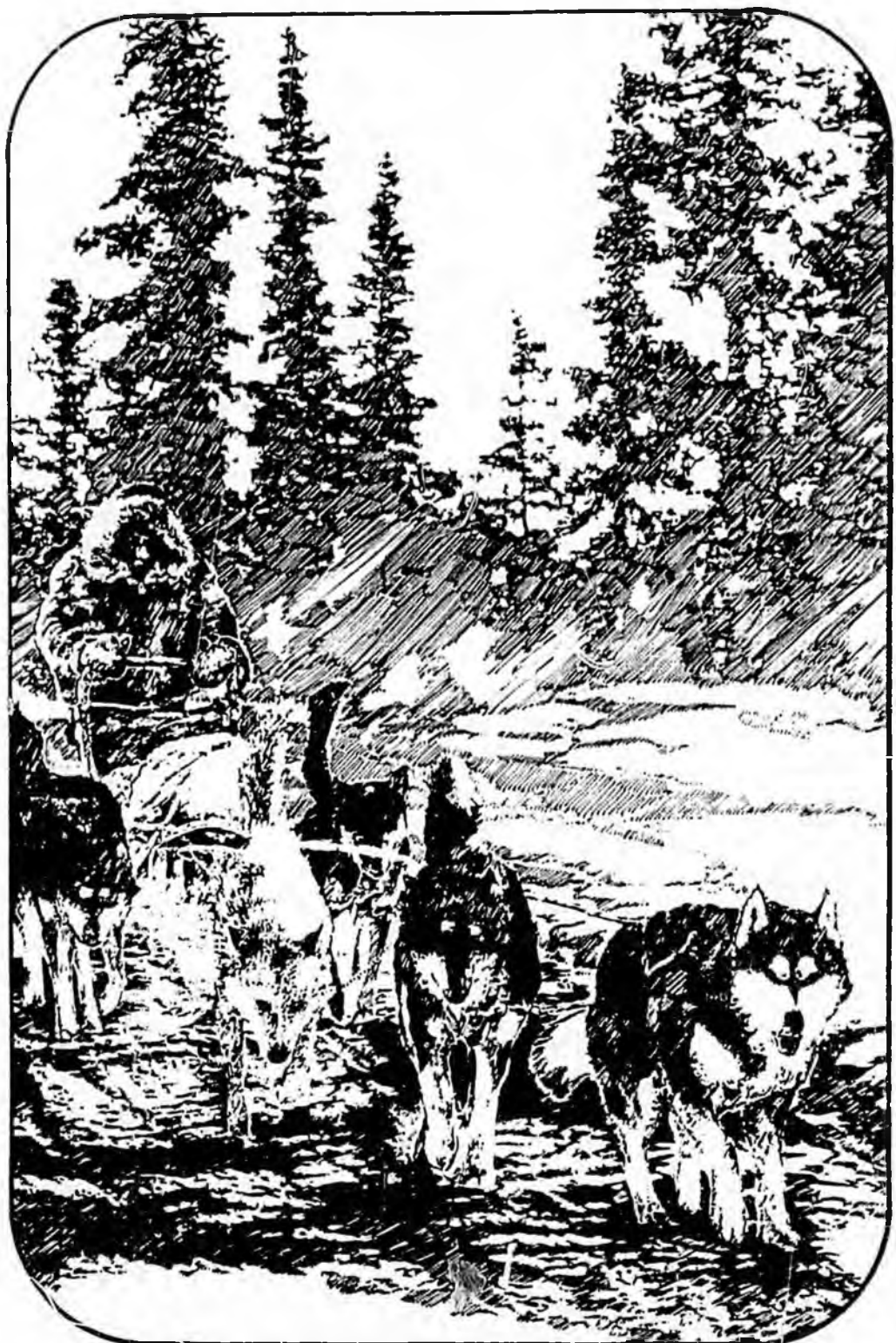
Steve Rance (no rec)

Casey K. ... (no rec)

Mike ...

Mike Savane  
Chairman

# 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.  
Mercer Island, Washington

Vice-President/  
Government Relations  
CHRIS VON IMHOF  
Alaska Resort  
Girdwood, 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/Westours  
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 DOWNEY  
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

BUCK WRIGHT  
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.

---

\*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 \$)	51.3
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

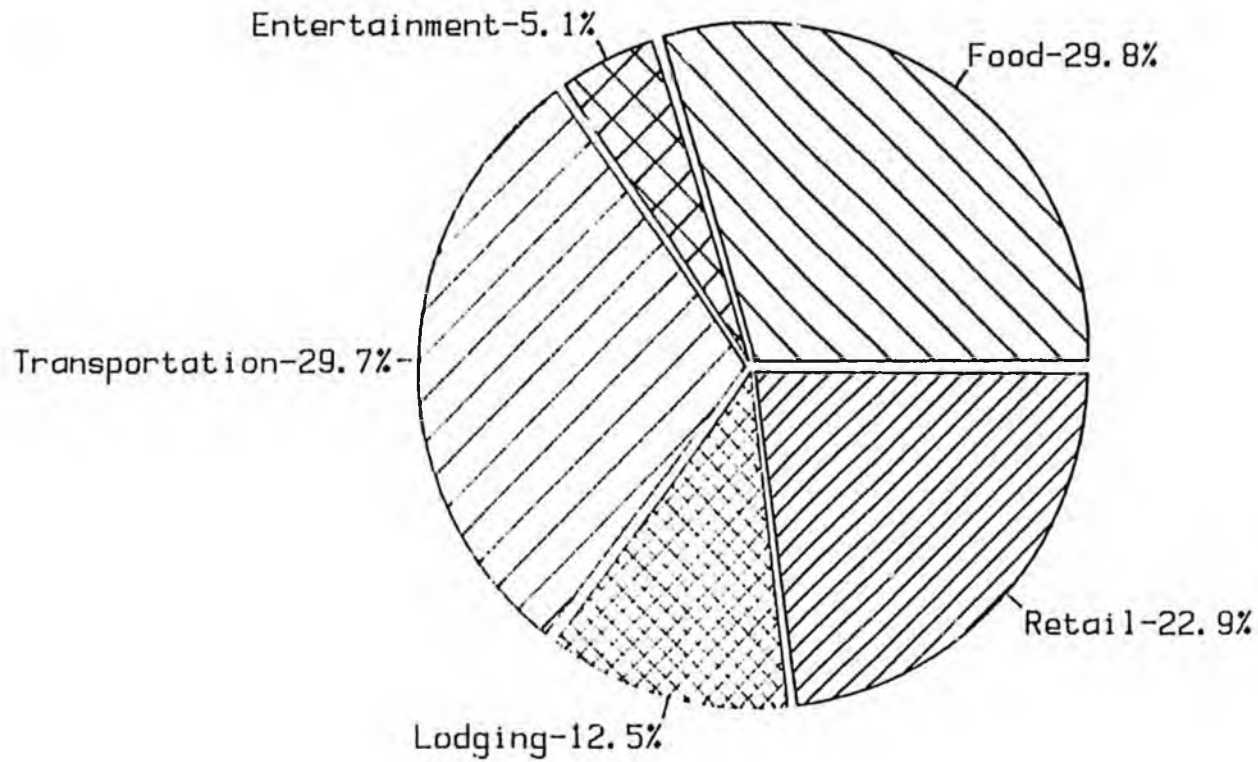
TABLE 3

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.

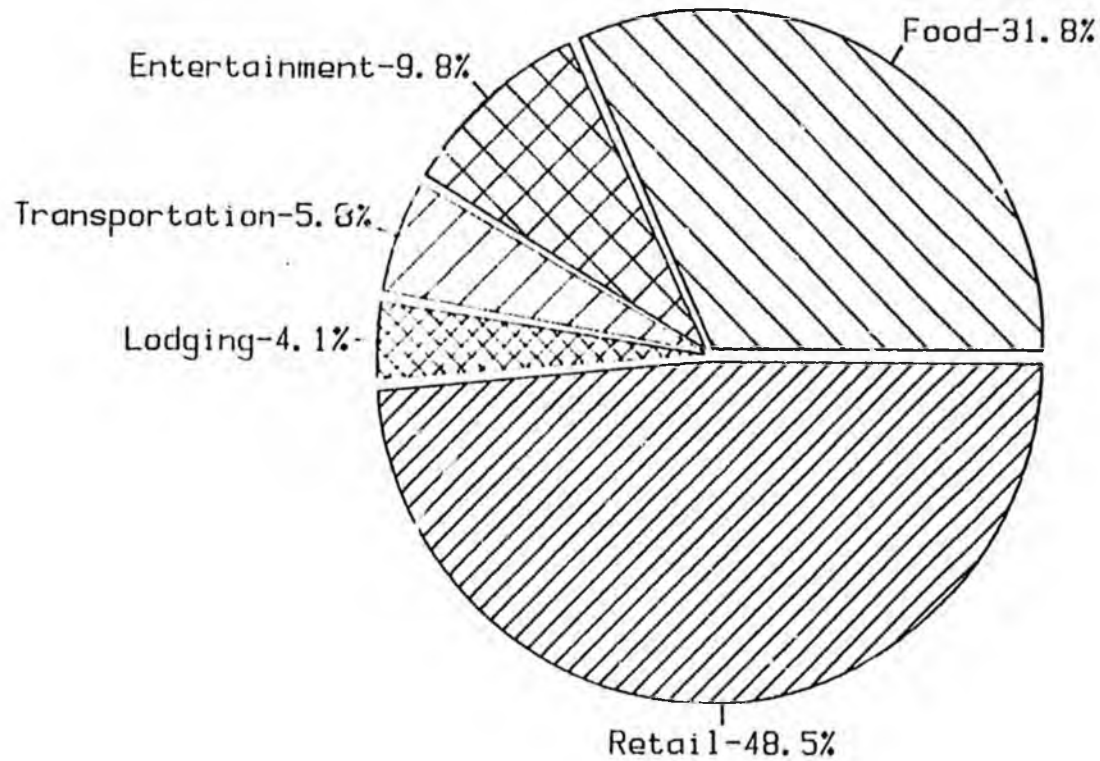
# REVENUE BREAKDOWN IDITAROD ONLY\*



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 = \$13,933,790.00

\*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 Mushers (estimated at 25)

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

## 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

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

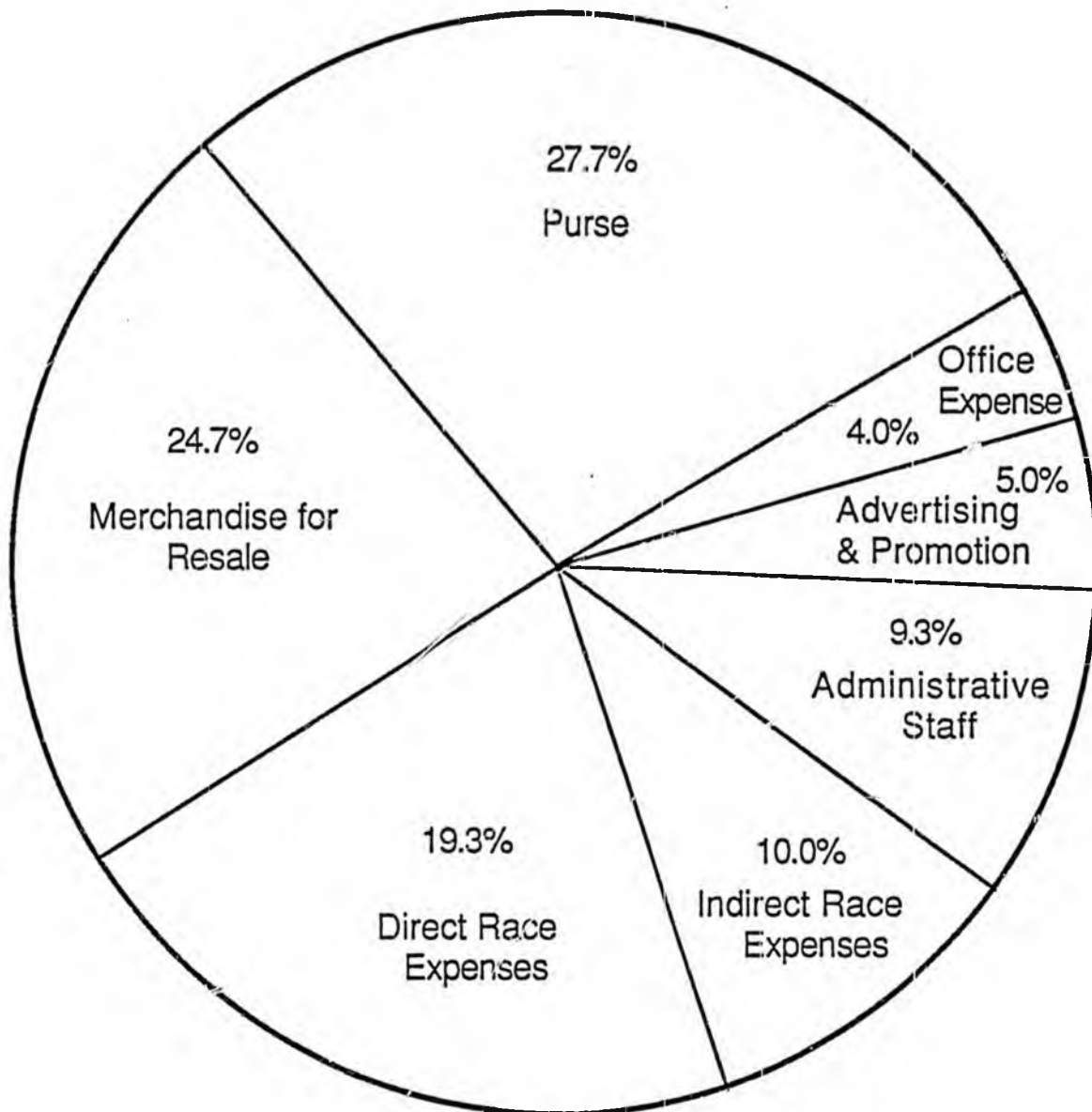
TOTAL REQUEST

\$ 100,000.00

# Iditarod 1985

Total Expenses

Fiscal '84/85'



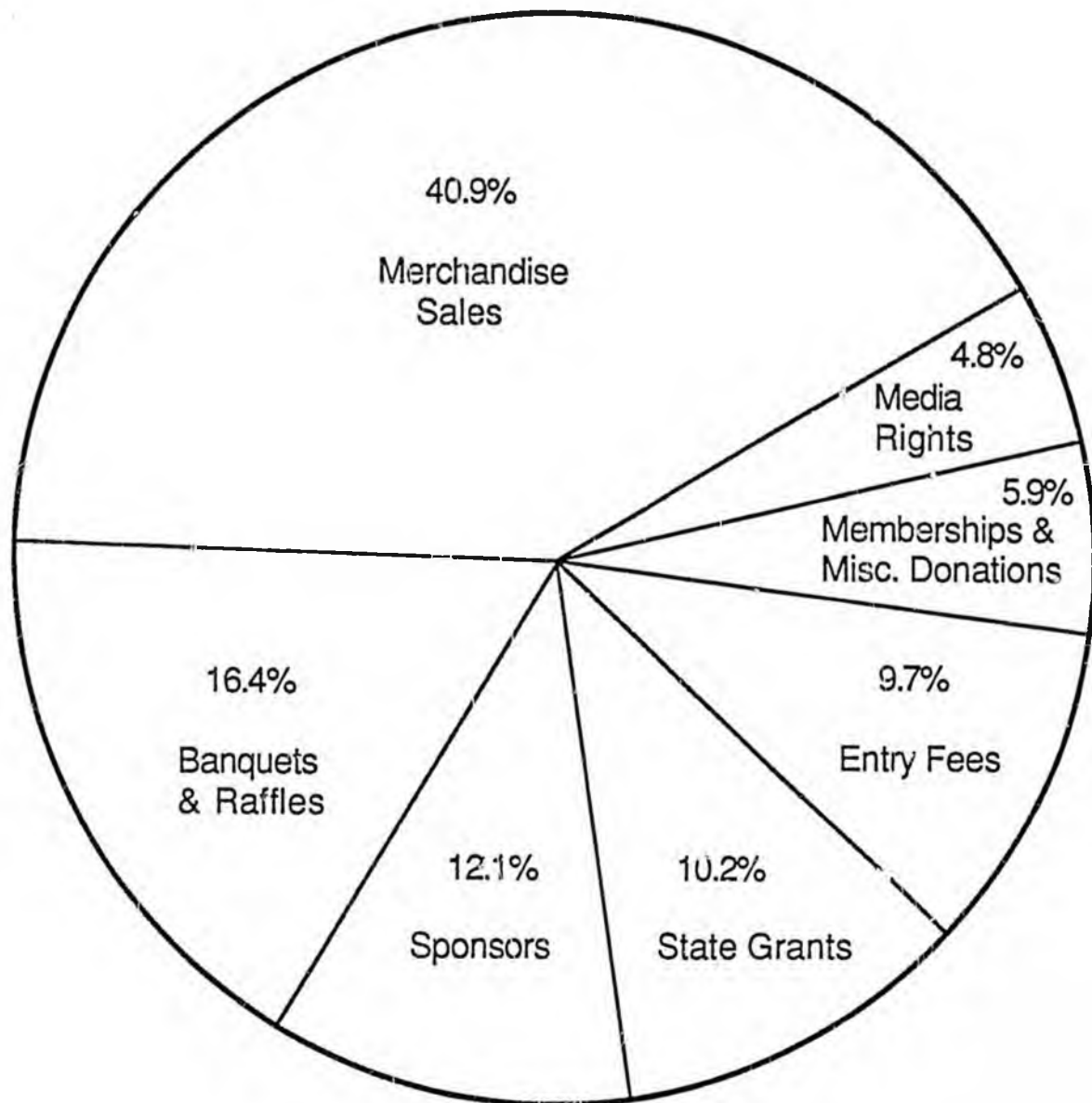
\$787,493.00

May 1, 1984 to April 30, 1985

# Iditarod 1985

Total Income

Fiscal '84/85'



\$787,493.00

May 1, 1984 to April 30, 1985