

CS FOR HOUSE BILL NO. 509(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 2/24/04

Referred: Finance

Sponsor(s): REPRESENTATIVE KOTT

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to establishing the Alaska Gaming Commission."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 04.11.370(c) is amended to read:

4 (c) If the board receives notice from the Alaska Gaming Commission
5 [DEPARTMENT OF REVENUE] that a licensee or permittee has violated a provision
6 of AS 05.15 related to gambling, the board

7 (1) may suspend the license or permit; and

8 (2) shall suspend the license or permit for a period of at least 30 days if
9 the offense is the person's second or subsequent violation of AS 05.15 related to
10 gambling.

11 * **Sec. 2.** AS 05.15.010 is amended to read:

12 **Sec. 05.15.010.** Alaska Gaming Commission [DEPARTMENT OF
13 REVENUE] to administer chapter. The Alaska Gaming Commission in the
14 Department of Revenue shall administer this chapter.

15 * **Sec. 3.** AS 05.15.690 is amended by adding a new paragraph to read:

1 (46) "commission" means the Alaska Gaming Commission.

2 * **Sec. 4.** AS 05 is amended by adding a new chapter to read:

3 **Chapter 18. Alaska Gaming Commission.**

4 **Article 1. Administration.**

5 **Sec. 05.18.010. Creation of commission.** (a) The Alaska Gaming
6 Commission is established for the purposes of generating revenue for the state and
7 regulating gaming activities in the state. The commission is established in the
8 Department of Revenue. The commission consists of seven members appointed by the
9 governor, subject to confirmation by the legislature. One member shall be appointed
10 from each of the four judicial districts of the state. Three members shall be at-large
11 members. Not more than three of the seven members may be members of the same
12 political affiliation, nonaffiliation, or party. Two members of the commission must be
13 involved in charitable gaming in this state and hold permits under AS 05.15. The
14 members of the commission shall elect one member to serve as chair of the
15 commission.

16 (b) Members serve staggered terms of three years. A member may be
17 reappointed but may not serve for more than six years.

18 (c) A member of the commission does not receive a salary for service on the
19 commission but is entitled to per diem and travel expenses authorized for members of
20 boards and commissions under AS 39.20.180.

21 (d) A member of the commission may not have a pecuniary interest in a
22 contract or agreement entered into by the commission.

23 (e) A person may not serve as a member of the commission if that person

24 (1) has been convicted of

25 (A) a felony; or

26 (B) an offense under this chapter, AS 11.66.200 - 11.66.280, or a
27 comparable provision of municipal, state, or federal law; or

28 (2) is an elected official of the state or of a political subdivision of the
29 state.

30 (f) A person may not serve as a member of the commission until the
31 investigation required under AS 18.65.080(b) is completed.

1 (g) Four members of the commission constitute a quorum for the transaction of
2 business.

3 (h) The governor may remove a member for cause, including incompetence,
4 neglect of duty, or misconduct in office. A member being removed for cause shall be
5 given a copy of the charges and afforded an opportunity to publicly present a defense in
6 person or by counsel upon not less than 10 days' notice. If a member is removed for
7 cause, the governor shall file with the lieutenant governor a complete statement of all
8 charges made against the member and the governor's findings based on the charges,
9 together with a complete record of the proceedings.

10 (i) The governor may immediately suspend a member for a violation of law or
11 for misconduct in office pending removal from office under (a) of this section.

12 **Sec. 05.18.020. Meetings.** (a) The commission shall meet at least quarterly at
13 the call of the chair, at the request of a majority of the members, or at a regularly
14 scheduled time set by the commission.

15 (b) An action of the commission is not binding unless taken at a meeting
16 where four or more of the members are present and vote in favor of the action.

17 **Sec. 05.18.030. Duties and powers of commission.** (a) The commission
18 shall

19 (1) enter into contracts and agreements necessary to carry out the
20 provisions of this chapter;

21 (2) adopt regulations necessary to carry out the provisions of this
22 chapter;

23 (3) administer, regulate, and enforce the charitable gaming laws under
24 AS 05.15;

25 (4) recommend policy direction for the operation and administration of
26 gaming activities in Alaska;

27 (5) report to the governor and the legislature each quarter on the
28 gaming activities authorized and on the total revenue, prize disbursement, and other
29 expenses for the preceding quarter;

30 (6) report to the governor and the legislature each year on authorized
31 gaming activities, including a full and complete statement of revenue, prize

1 disbursement, and other expenses, and recommendations for changes in this chapter;

2 (7) report to the governor and the legislature as frequently as the
3 commission determines necessary on conclusions from the analysis of the reaction of
4 state residents to gaming activities, and on matters that require changes in the law to
5 prevent violations or evasions of this chapter or to correct undesirable conditions in
6 connection with the operation or administration of gaming activities;

7 (8) monitor the operation of gaming throughout the state; and

8 (9) study and investigate the operation and administration of gaming
9 laws of other states and of federal laws that affect gaming activities.

10 (b) The commission may participate with other states in multi-state gaming
11 activities if permitted by the legislature.

12 **Sec. 05.18.040. Regulations.** The commission shall adopt regulations under
13 AS 44.62 (Administrative Procedure Act) to establish

14 (1) the types of gaming activities to be conducted;

15 (2) the places and locations where gaming activities may be conducted;

16 and

17 (3) all matters necessary or desirable to carry out this chapter and
18 AS 05.15, to operate gaming activities efficiently and economically, and to make the
19 participation in gaming activities and the distribution of prizes convenient.

20 **Sec. 05.18.050. Executive director and employees.** (a) The commission
21 shall employ an executive director who is qualified by training and experience to
22 conduct the day-to-day work of the commission. The director may not engage in
23 another profession or occupation.

24 (b) Subject to the approval of the commission, the director may appoint
25 deputies required to carry out the functions and duties of the commission. The
26 director may appoint professional, technical, and clerical employees necessary to
27 perform the duties of the commission.

28 (c) The director and other employees of the commission are in the exempt
29 service under AS 39.25.110.

30 (d) The commission may not employ a person who has been convicted,
31 including conviction based on a guilty plea or plea of nolo contendere, of an offense

1 that disqualifies a person from being a member of the commission.

2 **Sec. 05.18.060. Duties of director.** The director shall

- 3 (1) supervise the operation and administration of gaming activities;
- 4 (2) act as secretary to the commission;
- 5 (3) contract with agents and contractors to engage in or conduct or
- 6 operate gaming activities;
- 7 (4) meet at least quarterly with the commission on the operation and
- 8 administration of gaming activities;
- 9 (5) make available for inspection by the commission, upon request, all
- 10 books, records, files, and other information and documents of the commission;
- 11 (6) advise the commission and make recommendations to improve the
- 12 operation and administration of gaming in the state;
- 13 (7) suspend or revoke a contract issued under this chapter for a
- 14 violation of this chapter or the regulations adopted under this chapter;
- 15 (8) subject to the approval of the commission, enter into contracts for
- 16 the operation and administration of gaming activities, except that agent contracts are
- 17 not subject to the approval of the commission;
- 18 (9) provide each month to the commission a full and complete
- 19 statement of the revenue, prize disbursements, and other expenses for the preceding
- 20 month; and
- 21 (10) administer and enforce the charitable gaming laws in AS 05.15.

22 **Sec. 05.18.070. Subpoenas.** (a) The director or the commission may

23 subpoena witnesses and documents in a matter over which the commission has

24 jurisdiction, control, or supervision. The director or the commission may administer

25 oaths and affirmations to persons whose testimony is required.

26 (b) If a person fails to obey a subpoena, or if a person refuses to answer a

27 relevant question or to exhibit a document when ordered to do so by the director or the

28 commission, the director or the commission may apply to the superior court for an

29 order directing the person to comply with the subpoena or the order. The court may

30 order the person to comply.

31 **Article 2. Gaming Activities.**

1 **Sec. 05.18.100. Gaming activities.** The commission shall authorize the
 2 gaming activities that the commission determines to be appropriate if the legislature
 3 has authorized those activities to be conducted in the state. The commission may not
 4 authorize a charitable gaming activity unless that activity is authorized under
 5 AS 05.15.

6 **Article 3. Miscellaneous Provisions.**

7 **Sec. 05.18.300. State gaming fund and appropriations.** There is created in
 8 the general fund the state gaming fund. The state gaming fund consists of all revenue
 9 received from gaming activities and all other money credited or transferred to the fund
 10 from another fund or source.

11 **Sec. 05.18.310. Audit.** The commission shall have an audit of the books and
 12 accounts of the commission performed at least once in each year by certified public
 13 accountants. The Legislative Budget and Audit Committee shall annually perform
 14 post-audits of the commission and report to the legislature. The commission may have
 15 special audits performed at any time on its own motion or at the request of the
 16 director. The commission shall file a copy of each audit with the commissioner of
 17 revenue and the legislature.

18 **Sec. 05.18.320. Prohibited acts.** (a) A person may not

19 (1) knowingly act as an agent or sell a gaming product unless the
 20 person has a contract with the commission to be an agent, or is an employee of an
 21 agent and sells gaming products or awards gaming prizes under the supervision of the
 22 agent;

23 (2) knowingly sell a gaming product at a price greater than that fixed
 24 by the commission;

25 (3) knowingly sell or offer to sell a gaming product to a person under
 26 21 years of age;

27 (4) knowingly present a counterfeit or altered gaming product for
 28 payment or transfer a counterfeit or altered gaming product to another person to
 29 present for payment;

30 (5) with intent to defraud, falsely make, alter, forge, utter, pass or
 31 counterfeit a gaming product; or

1 (6) impersonate a representative of the commission.

2 (b) A contractor, an agent, the governor, or an officer or employee of the
3 commission may not purchase a gaming product, receive a gaming prize, or participate
4 in a gaming activity.

5 (c) An agent or contractor may not knowingly withhold funds owed to the
6 commission.

7 (d) This section does not prohibit a person from giving a gaming product to
8 another person of any age.

9 (e) In this section, "knowingly" has the meaning given in AS 11.81.900.

10 **Sec. 05.18.330. Assignment of contracts.** A person that enters into a contract
11 under this chapter may not assign the contract without the approval of the commission.

12 **Sec. 05.18.340. Penalty.** A person that violates AS 05.18.320 or 05.18.330 is
13 guilty of a class C felony.

14 **Sec. 05.18.350. Statement of odds.** Each gaming product must indicate the
15 odds of winning a prize in the particular gaming activity represented by the product.

16 **Article 4. General Provisions.**

17 **Sec. 05.18.900. Definitions.** In this chapter, unless the context requires
18 otherwise,

19 (1) "commission" means the Alaska Gaming Commission;

20 (2) "director" means the executive director of the commission;

21 (3) "gaming product" means a ticket, receipt, card, or other item,
22 except a prize, received by a person from an agent or an employee of an agent as
23 evidence of participation in a gaming activity under this chapter;

24 (4) "operation and administration" includes accounting, sales,
25 promotion, and security;

26 (5) "person" has the meaning given in AS 01.10.060 and also includes
27 an estate, receiver, trustee, assignee, referee, or other person acting in a fiduciary or
28 representative capacity, whether appointed by a court or otherwise, and a department,
29 commission, agency, or instrumentality of the state, including a municipality and an
30 agency or instrumentality of a municipality.

31 * **Sec. 5.** AS 11.66.280(2) is amended to read:

1 (2) "gambling" means that a person stakes or risks something of value
 2 upon the outcome of a contest of chance or a future contingent event not under the
 3 person's control or influence, upon an agreement or understanding that that person or
 4 someone else will receive something of value in the event of a certain outcome;
 5 "gambling" does not include

6 (A) bona fide business transactions valid under the law of
 7 contracts for the purchase or sale at a future date of securities or commodities
 8 and agreements to compensate for loss caused by the happening of chance,
 9 including contracts of indemnity or guaranty and life, health, or accident
 10 insurance;

11 (B) playing an amusement device that

12 (i) confers only an immediate right of replay not
 13 exchangeable for something of value other than the privilege of
 14 immediate replay; and

15 (ii) does not contain a method or device by which the
 16 privilege of immediate replay may be cancelled or revoked; or

17 (C) an activity authorized by the Alaska Gaming Commission
 18 [DEPARTMENT OF REVENUE] under AS 05.15 or AS 05.18;

19 * **Sec. 6.** AS 18.65.080 is amended by adding a new subsection to read:

20 (b) The Department of Public Safety shall investigate and ascertain whether a
 21 person appointed by the governor to serve as a member of the Alaska Gaming
 22 Commission has been convicted of a crime set out in AS 05.18.010(e).

23 * **Sec. 7.** AS 39.25.110(11) is amended to read:

24 (11) the officers and employees of the following boards, commissions,
 25 and authorities:

26 (A) [REPEALED

27 (B)] Alaska Permanent Fund Corporation;

28 **(B)** [(C)] Alaska Industrial Development and Export Authority;

29 **(C)** [(D)] Alaska Commercial Fisheries Entry Commission;

30 **(D)** [(E)] Alaska Commission on Postsecondary Education;

31 **(E)** [(F)] Alaska Aerospace Development Corporation;

1 **(F)** [(G)] Alaska Natural Gas Development Authority;

2 **(G) Alaska Gaming Commission;**

3 * **Sec. 8.** AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (58) Alaska Gaming Commission (AS 05.18).

5 * **Sec. 9.** AS 05.15.690(9) is repealed.

6 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 REVISOR INSTRUCTION. The revisor of statutes is instructed to change references
9 to the "commissioner" and "department" in AS 05.15 to "commission" unless it is clear from
10 the context that "commissioner" refers to a commissioner other than the commissioner of
11 revenue and "department" refers to a department other than the Department of Revenue.