

CS FOR HOUSE BILL NO. 552(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/22/04

Referred: Rules

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL**FOR AN ACT ENTITLED**1 **"An Act relating to gambling and gaming."**2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**3 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
4 to read:5 LEGISLATIVE INTENT. This chapter is intended to benefit the people of Alaska by
6 promoting tourism and assisting economic development. The public's confidence and trust
7 will be maintained only through

8 (1) comprehensive law enforcement supervision; and

9 (2) the strict regulation of facilities, persons, associations, and gambling
10 operations under AS 05.18.11 * **Sec. 2.** AS 05 is amended by adding a new chapter to read:12 **Chapter 18. Gambling and the Alaska Gaming Commission.**13 **Sec. 05.18.010. Gaming Commission established; membership.** (a) The
14 Alaska Gaming Commission is established in the Department of Revenue.

15 (b) The commission consists of three members appointed by the governor.

1 Each member of the commission must be a resident of the state. At least one member
 2 shall be experienced in law enforcement and criminal investigation. At least one
 3 member shall be a certified public accountant experienced in accounting and auditing.
 4 Not more than two members may be affiliated with the same political affiliation or
 5 party. The governor shall designate one member to serve as chair.

6 (c) Except as provided in (b) of this section the term of office of a commission
 7 member is three years. Each member of the commission is eligible for reappointment
 8 at the discretion of the governor.

9 (d) Each member of the commission is entitled to receive

10 (1) salary as determined by the commission for each day the member

11 (A) attends a meeting of the commission; or

12 (B) conducts a hearing under this chapter;

13 (2) per diem and travel expenses authorized for members of boards and
 14 commissions under AS 39.20.180.

15 (e) A person may not be appointed to the commission or continue to be a
 16 member of the commission if the person or the person's spouse, child, or parent is a
 17 member of the board of directors of or financially interested in a gambling operation
 18 subject to the jurisdiction of the commission under this chapter or a permittee,
 19 licensee, or registrant under AS 05.15.

20 (f) A member of the commission may not be a public officer of the state
 21 except by the member's service on the commission. In this subsection, "public officer"
 22 has the meaning given in AS 39.52.960.

23 (g) A person may not serve on the commission if the person

24 (1) has knowingly provided false statements or information of a
 25 material nature to the commission;

26 (2) has been determined by the governor or the commission to be a
 27 person whose prior activities, criminal record, if any, or reputation, habits, and
 28 associations pose a threat to the public interest or to the effective regulation or control
 29 of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices,
 30 methods, and activities in the regulation of gaming; or

31 (3) has been convicted of or is under indictment for a felony under the

1 laws of any state in the United States, or of the United States.

2 (h) A member of the commission may be removed by the governor for

3 (1) neglect of duty, including lack of attendance at meetings of the
4 commission; the failure of a member to attend at least 50 percent of the meetings in
5 any 12-month period is prima facie evidence of neglect of duty under this paragraph;

6 (2) misfeasance, which is the improper performance of an act within
7 the power of the member or the commission;

8 (3) malfeasance, which is the performance of an act not within the
9 power of the member or the commission;

10 (4) nonfeasance, which is the failure to perform an act within the
11 power of the member or the commission that should be performed;

12 (5) becoming unqualified to be a member of the commission under (e)
13 - (g) of this section.

14 (i) Each member of the commission shall, before beginning the discharge of
15 the duties of the member's office, provide a bond to the state that is in the amount of
16 \$25,000, is approved by the governor, and is recorded in the office of the lieutenant
17 governor. If the governor determines that the bond of a commission member has
18 become or is likely to become invalid or insufficient, the governor shall immediately
19 require the member to renew the member's bond. To be valid, a bond renewed under
20 this section must be approved by the governor. The governor shall remove a member
21 of the commission who does not provide the required bond within 30 days after the
22 member is appointed to the commission or fails to renew the bond required by this
23 subsection within 30 days after the governor requires the renewal. The commission
24 may pay the cost of a bond obtained by a member of the commission under this
25 chapter.

26 **Sec. 05.18.020. Staff support; personnel.** (a) The commission may hire
27 staff to carry out the duties of the commission. A person may not be employed to
28 serve the commission if

29 (1) the person or the person's spouse, parent, or child is

30 (A) an official of a licensee engaged in gambling operations or
31 charitable gaming in the state; or

1 (B) a person with a financial interest in or a financial
 2 relationship with a licensee engaged in gambling operations or charitable
 3 gaming in the state; or

4 (2) the person is a spouse, parent, or child of a commission member.

5 (b) The commission may employ or contract with inspectors and agents
 6 required to carry out the duties required in this chapter. A licensed owner shall, in the
 7 manner prescribed by the rules of the commission, reimburse the commission for the
 8 salaries and other expenses of the inspectors and agents or other commission
 9 employees and contractors required to be present during the time gambling operations
 10 are conducted in a gambling facility.

11 **Sec. 05.18.030. Executive director; compensation; duties.** (a) The
 12 governor shall appoint an executive director of the commission to serve at the pleasure
 13 of the governor. The executive director is entitled to compensation at an amount to be
 14 approved annually by the governor.

15 (b) The executive director shall perform the duties assigned to the executive
 16 director by the commission.

17 (c) The executive director shall devote the executive director's full time to the
 18 duties of the office and may not hold another office or employment. The executive
 19 director shall

20 (1) keep records of all proceedings of the commission;

21 (2) preserve all papers, books, documents, and other records belonging
 22 to or held by the commission;

23 (3) supervise and manage the staff of the commission in accordance
 24 with the policies established by the commission;

25 (4) ensure the financial integrity of all aspects of the operations of the
 26 commission; and

27 (5) perform other duties the commission may from time to time
 28 delegate to the executive director.

29 **Sec. 05.18.040. Meetings; records.** (a) The commission shall meet at least
 30 quarterly.

31 (b) The chair or any member of the commission may call a special meeting. A

1 special meeting may be held not earlier than 72 hours after written notice has been
2 sent to each member.

3 (c) Two members of the commission constitute a quorum of the commission.
4 Two affirmative votes are required for the commission to take official action.

5 (d) The commission shall keep a complete and accurate record of the
6 commission's meetings. The commission's records shall be available for public
7 inspection and must accurately reflect all commission proceedings.

8 **Sec. 05.18.050. Annual report.** (a) The commission shall file a written
9 annual report with the governor and the legislature before March 1 of each year. The
10 commission shall file any additional reports that the governor requests.

11 (b) The annual report must include a statement describing
12 (1) the receipts and disbursements of the commission;
13 (2) licensing, enforcement, and other actions taken by the commission;
14 (3) any additional information and recommendations that the
15 commission considers useful or the governor requests.

16 **Sec. 05.18.060. Hearings.** (a) If approved by a majority of the commission, a
17 commission member or an administrative law judge appointed by the commission may
18 (1) conduct a hearing authorized under this chapter;
19 (2) recommend findings of fact and conclusions of law to the
20 commission.

21 (b) A member of the commission or administrative law judge conducting a
22 hearing has all the powers, rights, and duties granted to the commission. When
23 conducting a public hearing, the commission may not limit the number of speakers
24 who may testify. However, the commission may set reasonable time limits on the
25 length of an individual's testimony or the total amount of time allotted to proponents
26 and opponents of an issue before the commission.

27 (c) A person may seek judicial review of a final administrative order of the
28 commission in the manner provided in AS 44.62.560 and 44.62.570.

29 **Sec. 05.18.070. Administration, regulation, and enforcement.** (a) The
30 commission has the following powers and duties for the purpose of administering,
31 regulating, and enforcing the gambling operations authorized under this chapter:

- 1 (1) all powers and duties specified in this chapter;
- 2 (2) all powers necessary to execute this chapter;
- 3 (3) jurisdiction and supervision over the following:
 - 4 (A) all authorized gambling operations in the state;
 - 5 (B) all persons in gambling facilities where gambling
 - 6 operations are conducted;
- 7 (4) the power and duty to investigate and reinvestigate applicants and
- 8 license holders and determine the eligibility of applicants for licenses and to require
- 9 applicants and license holders to reimburse the commission for the costs of the
- 10 investigation and reinvestigation;
- 11 (5) the power and duty to select from among competing applicants the
- 12 applicants that promote the most economic development and that best serve the
- 13 interests of the citizens of the state;
- 14 (6) the power and duty to take appropriate administrative enforcement
- 15 or disciplinary action against a licensee under this chapter;
- 16 (7) the power and duty to investigate alleged violations of this chapter;
- 17 (8) the power and duty to establish fees for the review and
- 18 investigation of applications for the licenses that are authorized under this chapter;
- 19 (9) the power and duty to adopt appropriate standards for the design,
- 20 appearance, aesthetics, and construction of gaming facilities;
- 21 (10) the power to conduct hearings;
- 22 (11) the power to issue subpoenas to compel the attendance of
- 23 witnesses and subpoenas duces tecum for the production of books, records, and other
- 24 relevant documents;
- 25 (12) the power to administer oaths and affirmations to witnesses;
- 26 (13) the power and duty to prescribe a form to be used by a licensed
- 27 owner as an application for employment by potential employees of the gambling
- 28 facility and licensees of the commission;
- 29 (14) the power to revoke, suspend, or renew licenses issued under this
- 30 chapter;
- 31 (15) the power to hire employees to gather information, conduct

1 investigations, and carry out other tasks under this chapter;

2 (16) the power to take any appropriate action to enforce this chapter,
3 including the issuance of notices of violations of this chapter or regulations of the
4 commission, orders to cease and desist, and closure orders;

5 (17) the power to adopt regulations for the implementation and
6 enforcement of this chapter;

7 (18) the power to, through the office of the attorney general, apply to
8 the courts for injunctive and declaratory relief in aid of any action or decision of the
9 commission on any matter within the jurisdiction of the commission.

10 (b) The Department of Public Safety and the attorney general shall assist the
11 commission in conducting background investigations of applicants. The commission
12 shall reimburse the Department of Public Safety for the costs incurred by the
13 department as a result of assistance provided to the commission. The commission
14 shall make the payment from fees collected from applicants for licenses.

15 (c) The commission shall require any person holding an owner's license to
16 adopt policies concerning the preferential hiring of residents of the state.

17 **Sec. 05.18.080. Violations; fees and taxes; inspections.** (a) The commission
18 shall

19 (1) provide for the establishment and collection of license fees and
20 taxes imposed under this chapter and deposit the license fees and taxes in the state
21 gaming fund under AS 05.18.570;

22 (2) levy and collect penalties for noncriminal violations of this chapter
23 and deposit the penalties in the state gaming fund under AS 05.18.570;

24 (3) be present through the commission's inspectors and agents during
25 the time gambling operations are conducted in a gambling facility to do the following:

26 (A) certify the revenue received by gambling facilities as a
27 result of gambling operations;

28 (B) receive complaints from the public;

29 (C) conduct other investigations into the conduct of the
30 gambling games, the maintenance of the gambling equipment, and the
31 operation of the gambling facility as the commission considers necessary and

1 proper.

2 (b) The commission may enter an office, a gambling facility, or other premises
3 of a person holding an owner's or supplier's license where evidence of compliance or
4 noncompliance with this chapter is likely to be found.

5 **Sec. 05.18.090. Licensing.** (a) The commission shall adopt standards for the
6 licensing of

- 7 (1) persons regulated under this chapter;
8 (2) electronic or mechanical gambling games.

9 (b) The commission shall require that the records, including financial
10 statements, of a person holding an owner's or supplier's license must be maintained in
11 the manner prescribed by the commission.

12 (c) The commission may not issue a license to a person who has been
13 convicted of a felony in this or another jurisdiction.

14 (d) An applicant for a license under this chapter shall provide the following
15 information to the commission:

16 (1) the name, business address, and business telephone number of the
17 applicant;

18 (2) an identification of the applicant;

19 (3) the following information for an applicant that is not an individual:

20 (A) the state of incorporation and any states where the
21 corporation is registered to do business;

22 (B) the names and addresses of all corporate officers;

23 (C) the identity of

24 (i) any entity in which the applicant has an equity
25 interest of at least one percent; the identification must include the state
26 of incorporation or registration, if applicable; however, an applicant
27 that has a pending registration statement filed with the United States
28 Securities and Exchange Commission is not required to provide
29 information under this item;

30 (ii) the shareholders or participants of the applicant; an
31 applicant that has a pending registration statement filed with the United

1 States Securities and Exchange Commission is required to provide only
2 the names of persons holding an interest of more than one percent of all
3 shares;

4 (4) an identification of any business, including the state of
5 incorporation and all states where the business is registered to do business, if
6 applicable, in which an applicant or the spouse or children of an applicant has an
7 equity interest of more than one percent of all shares;

8 (5) if the applicant has been indicted, been convicted, pled guilty or
9 nolo contendere, or forfeited bail concerning a criminal offense other than a traffic
10 violation under the laws of any jurisdiction, the applicant must include the following
11 information under this paragraph:

12 (A) the name and location of the court, the arresting agency,
13 and the prosecuting agency;

14 (B) the case number;

15 (C) the date and type of offense;

16 (D) the disposition of the charge;

17 (E) the location and length of incarceration, if any;

18 (6) if the applicant has had a license or certificate issued by a licensing
19 authority in this state or any other jurisdiction denied, restricted, suspended, revoked,
20 or not renewed, the applicant must provide the following information under this
21 paragraph:

22 (A) a statement describing the facts and circumstances
23 concerning the denial, restriction, suspension, revocation, or nonrenewal;

24 (B) the date each action described in (A) of this paragraph was
25 taken;

26 (C) the reason each action described in (A) of this paragraph
27 was taken;

28 (7) a statement of whether the applicant has filed or had filed against
29 the applicant a proceeding in bankruptcy or been involved in a formal process to
30 adjust, defer, suspend, or work out the payment of a debt, including the date of filing,
31 the name and location of the court, and the case and number of the disposition;

1 (8) a statement of whether the applicant has filed or been served with a
 2 complaint or notice filed with a public body concerning a delinquency in the payment
 3 of or a dispute over a filing concerning the payment of a tax required under federal,
 4 state, or local law, including the amount, type of tax, taxing agency, and times
 5 involved;

6 (9) a statement listing the names and titles of public officials or
 7 officers of units of government and relatives of the public officials or officers who
 8 directly or indirectly have a financial interest in, have a beneficial interest in, are the
 9 creditors of, hold a debt instrument issued by, or have an interest in a contractual or
 10 service relationship with the applicant;

11 (10) the name and business telephone number of the attorney who will
 12 represent the applicant in matters before the commission;

13 (11) a description of a proposed or an approved gambling facility,
 14 including the following information:

15 (A) the expected economic benefit to local communities;

16 (B) the anticipated or actual number of employees;

17 (C) any statements from the applicant concerning compliance
 18 with federal and state affirmative action guidelines;

19 (D) the anticipated or actual number of patrons;

20 (E) the anticipated or actual gross receipts;

21 (12) a description of the product or service to be supplied by the
 22 applicant if the applicant has applied for a supplier's license;

23 (13) the following information from each licensee involved in the
 24 ownership or management of gambling operations:

25 (A) an annual balance sheet;

26 (B) an annual income statement;

27 (C) a list of the stockholders or other persons having at least
 28 one percent beneficial interest in the gambling activities of the person who has
 29 been issued the owner's license;

30 (D) any other information the commission considers necessary
 31 for the effective administration of this chapter.

1 (e) The commission shall review and approve or disapprove promptly and in
2 reasonable order all license applications.

3 (f) A party aggrieved by an action of the commission denying, suspending,
4 revoking, restricting, or refusing the renewal of a license may request a hearing before
5 the commission. A request for a hearing must be made to the commission in writing
6 not more than 10 days after service of notice of the action of the commission.

7 (g) Except as provided in AS 05.18.140, the commission shall serve notice of
8 the commission's actions under this section on a party by personal delivery or by
9 certified mail. Notice served by certified mail is considered complete on the business
10 day following the date of the mailing.

11 (h) The commission shall conduct all requested hearings under this section
12 promptly and in reasonable order.

13 (i) The commission shall require an applicant for a license to submit
14 fingerprints and the fees required by the Department of Public Safety for criminal
15 justice information and a national criminal history record check. The commission
16 shall forward the fingerprints and fees to the Department of Public Safety for a report
17 of criminal justice information under AS 12.62 and a national criminal history record
18 check and shall use the results to evaluate applicants.

19 **Sec. 05.18.100. Ejection or exclusion from facilities.** (a) The commission
20 may eject or exclude or authorize the ejection or exclusion of a person from a
21 gambling facility if

22 (1) the person violates this chapter or a regulation adopted by the
23 commission; or

24 (2) the commission determines that the person's conduct or reputation
25 is such that the person's presence within the gambling facility may

26 (A) call into question the honesty and integrity of the gambling
27 operations; or

28 (B) interfere with the orderly conduct of the gambling
29 operations.

30 (b) A person may petition the commission for a hearing on the person's
31 ejection or exclusion from a gambling facility under this section.

1 **Sec. 05.18.110. Violations of chapter; fraudulent acts.** If a licensee or an
 2 employee of a licensee violates this chapter or engages in a fraudulent act, the
 3 commission may

4 (1) suspend, revoke, or restrict the license of a licensee;

5 (2) require the removal of a licensee or an employee of a licensee from
 6 the gambling facility;

7 (3) impose a civil penalty of not more than \$5,000 against an
 8 individual who has been issued an occupational license or a person who has been
 9 issued a supplier's license for each violation of this chapter;

10 (4) impose for each violation of this chapter by a licensed owner a
 11 penalty of not more than the greater of \$10,000 or an amount equal to the licensee's
 12 daily gross receipts for each day of the violation.

13 **Sec. 05.18.120. Investigative procedure; complaints.** (a) The commission
 14 shall review and make a determination on a complaint by a person who has been
 15 issued an owner's license concerning an investigative procedure that the licensee
 16 alleges is unnecessarily disruptive of gambling operations.

17 (b) A licensee filing a complaint under this section must prove by clear and
 18 convincing evidence that the investigative procedure

19 (1) does not have a reasonable law enforcement purpose; and

20 (2) is so disruptive as to unreasonably inhibit gambling operations.

21 (c) For purposes of this section, the need to inspect and investigate a licensee
 22 shall be presumed at all times.

23 **Sec. 05.18.130. Transfer of licenses; rules of procedure; prohibitions.** (a)
 24 A licensed owner or another person shall apply for and receive the commission's
 25 approval before an owner's license is transferred, sold, or, purchased or a voting trust
 26 agreement or other similar agreement is established with respect to the owner's
 27 license. A licensed owner or another person may not lease, hypothecate, or borrow or
 28 loan money against an owner's license.

29 (b) The commission shall adopt regulations governing the procedure a
 30 licensed owner or another person shall follow to take an action under (a) of this
 31 section. The regulations must specify that a person who obtains an ownership interest

1 in a license shall meet the criteria of this chapter and regulations adopted by the
 2 commission. A licensed owner may transfer an owner's license only in accordance
 3 with this chapter and regulations adopted by the commission.

4 **Sec. 05.18.140. Suspension of license without notice or hearing; revocation**
 5 **of license.** (a) The commission may suspend a license issued to the owner of a
 6 gambling facility without notice or hearing if the commission determines that the
 7 safety or health of patrons or employees would be threatened by the continued
 8 operation of the gambling facility. The opportunity for a hearing shall be provided
 9 within a reasonable time following a suspension.

10 (b) The suspension of a license under this section may remain in effect until
 11 the commission determines that the cause for suspension has been abated. The
 12 commission may revoke the license if the commission determines that the owner has
 13 not made satisfactory progress toward abating the hazard.

14 **Sec. 05.18.150. Commission records.** (a) Notwithstanding any other law,
 15 upon written request from a person, the commission shall provide the following
 16 information to the person:

17 (1) the information provided under this chapter concerning a licensee
 18 or an applicant;

19 (2) the amount of the adjusted gross receipts tax under AS 05.18.580
 20 paid daily to the state by a licensed owner;

21 (3) a copy of a letter providing the reasons for the denial of an owner's
 22 license;

23 (4) a copy of a letter providing the reasons for the commission's refusal
 24 to allow an applicant to withdraw the applicant's application.

25 (b) The commission may assess fees for the copying of information provided
 26 by the commission to a person requesting information under (a) of this section.

27 **Sec. 05.18.160. Owner's licenses.** (a) The commission may issue to a person
 28 a license to own and conduct gambling games at a specified gambling facility in any
 29 municipality of the state with a population of at least 150,000 according to the most
 30 recent federal census information. A person may not have more than one owner's
 31 license in effect at any time. Only one owner's license may be issued in a

1 municipality.

2 (b) A person applying for an owner's license under this chapter shall pay a
3 nonrefundable application fee to the commission. The commission shall determine the
4 amount of the application fee.

5 (c) An applicant shall submit the following on forms provided by the
6 commission:

7 (1) the information required under AS 05.18.090;

8 (2) if the applicant is an individual, two sets of the individual's
9 fingerprints;

10 (3) if the applicant is not an individual, two sets of fingerprints for
11 each officer and director of the applicant.

12 (d) The commission shall review an application for an owner's license under
13 this chapter and inform each applicant of the commission's decision concerning the
14 issuance of an owner's license.

15 (e) The costs of investigation of an applicant for an owner's license under this
16 chapter shall be included in the application fee paid by the applicant.

17 (f) An applicant for an owner's license under this chapter shall pay all
18 additional costs that are associated with the investigation of the applicant that exceed
19 the portion of the application fee paid by the applicant that is assessed for the
20 investigation.

21 (g) The commission may not issue an owner's license under this chapter to a
22 person if the person

23 (1) has been convicted of a felony under the laws of the state, the laws
24 of another state, or laws of the United States;

25 (2) has knowingly or intentionally submitted an application for a
26 license under this chapter that contains false information;

27 (3) is a member of the commission;

28 (4) is an officer, a director, or a managerial employee of a person
29 described in (1) or (2) of this subsection; or

30 (5) employs an individual described in (1), (2), or (3) of this subsection
31 and that individual participates in the management or operation of gambling

1 operations authorized under this chapter.

2 **Sec. 05.18.170. Factors considered in granting owner's licenses;**
 3 **submission of design.** (a) In determining whether to grant an owner's license to an
 4 applicant, the commission shall consider

5 (1) the character, reputation, experience, and financial integrity of

6 (A) the applicant;

7 (B) a person that

8 (i) directly or indirectly controls the applicant; or

9 (ii) is directly or indirectly controlled by the applicant

10 or by a person that directly or indirectly controls the applicant;

11 (2) the facilities or proposed facilities for the conduct of gambling;

12 (3) the highest prospective total revenue to be collected by the state
 13 from the conduct of gambling;

14 (4) the good faith affirmative action plan of each applicant to recruit,
 15 train, and upgrade minorities in all employment classifications;

16 (5) the financial ability of the applicant to purchase and maintain
 17 adequate liability and casualty insurance;

18 (6) whether the applicant has adequate capitalization to provide and
 19 maintain the gambling facility for the duration of the license;

20 (7) the extent to which the applicant exceeds or meets other standards
 21 adopted by the commission by regulation.

22 (b) In an application for an owner's license, the applicant must submit to the
 23 commission a proposed design of the gambling facility.

24 **Sec. 05.18.180. Issuance of license; fee; bond.** (a) The commission may
 25 issue an owner's license to an eligible person if the person pays an initial license fee of
 26 \$50,000 and posts a bond as required in this section.

27 (b) A licensed owner must post a bond with the commission at least 60 days
 28 before the commencement of the construction of a gambling facility or the
 29 commencement of gambling under the license, whichever is earlier. The bond shall be
 30 furnished in

31 (1) cash or negotiable securities;

1 (2) a surety bond with a surety company approved by the commission
2 and guaranteed by a satisfactory guarantor; or

3 (3) an irrevocable letter of credit issued by a banking institution in this
4 state that is acceptable to the commission.

5 (c) If a bond is furnished in cash or negotiable securities, the principal shall be
6 placed without restriction at the disposal of the commission, but any income earned on
7 the principal shall be paid to the benefit of the licensee.

8 (d) The bond is subject to the approval of the commission and must be payable
9 to the commission for use by the commission in satisfaction of the licensed owner's
10 financial obligations to the local community, the state, and other parties, as determined
11 by regulations of the commission.

12 (e) If, following a hearing held after at least five days written notice, the
13 commission determines that the amount of a licensed owner's bond is insufficient, the
14 licensed owner shall, upon written demand of the commission, file a new bond.

15 (f) The commission may require a licensed owner to file a new bond with a
16 satisfactory surety in the same form and amount if

17 (1) liability on the old bond is discharged or reduced by judgment
18 rendered, payment made, or otherwise; or

19 (2) in the opinion of the commission, a surety on the old bond becomes
20 unsatisfactory.

21 (g) If a new bond obtained under (e) or (f) of this section is unsatisfactory, the
22 commission shall cancel the owner's license. If the new bond is satisfactorily
23 furnished, the commission shall release, in writing, the surety on the old bond from
24 any liability accruing after the effective date of the new bond.

25 (h) A bond is released on the condition earlier of

26 (1) five years from the effective date of the owner's license if the
27 licensed owner remains at the site for which the owner's license is granted for the
28 entire five-year period; or

29 (2) the date on which the commission grants a license to another
30 licensed owner to operate from the site for which the bond was posted.

31 (i) A licensed owner who does not meet the requirements of (h)(1) of this

1 section forfeits a bond filed under this section. The proceeds of a bond that is in
 2 default under this subsection are paid to the commission for the benefit of the local
 3 unit of government from which the gambling facility is operated.

4 (j) The total and aggregate liability of the surety on a bond is limited to the
 5 amount specified in the bond, and the continuous nature of the bond may not be
 6 construed as allowing the liability of the surety under a bond to accumulate for each
 7 successive approval period during which the bond is in force.

8 (k) A bond filed under this section is released 60 days after the time has run
 9 under (h) of this section and a written request for release is submitted by the licensed
 10 owner.

11 **Sec. 05.18.190. Term of a license.** An owner's initial license expires five
 12 years after the effective date of the license and may be renewed for additional five-
 13 year periods under AS 05.18.210.

14 **Sec. 05.18.200. Revocation of owner's license for delay.** The commission
 15 may revoke an owner's license if

16 (1) the licensee begins regular operations more than 12 months after
 17 receiving the commission's approval of the application for the license; and

18 (2) the commission determines that the revocation of the license is in
 19 the best interests of the state.

20 **Sec. 05.18.210. Renewal of owner's license; compliance investigations.** (a)
 21 Unless the commission determines that a licensed owner does not qualify to hold a
 22 license under the terms of this chapter, the owner's license shall be renewed for an
 23 additional five-year period upon the payment of a \$50,000 renewal fee.

24 (b) A licensed owner shall undergo a complete investigation by the
 25 commission every five years to determine whether the licensed owner remains in
 26 compliance with this chapter.

27 (c) Notwithstanding (b) of this section, the commission may investigate a
 28 licensed owner at any time the commission determines necessary to ensure that the
 29 licensee remains in compliance with this chapter.

30 (d) The licensed owner shall bear the cost of an investigation or
 31 reinvestigation of the licensed owner and an investigation resulting from a potential

1 transfer of ownership.

2 **Sec. 05.18.220. Other licenses.** A licensed owner may apply to the
3 commission for and may hold licenses that are necessary for the operation of a
4 gambling facility, including a license to prepare and serve food for human
5 consumption, and any other necessary license.

6 **Sec. 05.18.230. Gambling equipment, devices, and supplies.** A licensed
7 owner may own gambling equipment, devices, and supplies. A licensed owner shall
8 file an annual report listing the licensed owner's inventories of gambling equipment,
9 devices, and supplies.

10 **Sec. 05.18.240. Schools for training occupational licensees.** This chapter
11 does not prohibit a licensed owner from operating a school for the training of
12 occupational licensees.

13 **Sec. 05.18.250. Nature of license.** An owner's license is a revocable privilege
14 granted by the state and is not a property right.

15 **Sec. 05.18.260. Supplier's license; requirements.** The commission may issue
16 a supplier's license under this chapter to a person if the commission determines that
17 the person is eligible for a supplier's license and the person has

18 (1) applied for the supplier's license and provided the information
19 required under AS 05.18.090;

20 (2) paid a nonrefundable application fee set by the commission;

21 (3) paid a annual license fee set by the commission; and

22 (4) submitted the following on forms provided by the commission:

23 (A) if the applicant is an individual, two sets of the individual's
24 fingerprints; and

25 (B) if the applicant is not an individual, two sets of fingerprints
26 for each officer and director of the applicant.

27 **Sec. 05.18.270. Gambling equipment and supplies; distribution.** (a) A
28 person holding a supplier's license may sell, lease, and contract to sell or lease security
29 and surveillance services and supplies, money counting services and supplies, or
30 gambling equipment and supplies to a licensee involved in the ownership or
31 management of a gambling facility.

1 (b) Gambling equipment and supplies may not be distributed unless the
2 gambling supplies and equipment conform to standards adopted by the commission.

3 **Sec. 05.18.280. Restrictions on issuance of supplier's license.** A person may
4 not receive a supplier's license if

5 (1) the person has been convicted of a felony under the laws of this
6 state, the laws of another state, or the laws of the United States;

7 (2) the person has knowingly or intentionally submitted an application
8 for a license under this chapter that contains false information;

9 (3) the person is a member of the commission;

10 (4) the person is an officer, a director, or a managerial employee of a
11 person described in (1) or (2) of this section;

12 (5) the commission determines that the person does not have the
13 character reputation, experience, and financial integrity necessary for a licensee;

14 (6) the person employs an individual described in (1), (2), or (3) of this
15 section and that individual participates in the management or operation of gambling
16 operations authorized under this chapter.

17 **Sec. 05.18.290. Necessity of supplier's license; exception.** (a) Except as
18 provided in (b) of this section, a person may not furnish security and surveillance
19 services and supplies, money counting services and supplies, or gambling equipment,
20 devices, or supplies to a gambling operation unless the person possesses a supplier's
21 license.

22 (b) A person holding a valid license to deal in alcoholic beverages may supply
23 alcoholic beverages to a gambling operation without possessing a supplier's license.

24 **Sec. 05.18.300. Sale or lease of equipment, devices, and supplies;
25 information furnished to commission.** (a) A supplier shall furnish to the
26 commission a list of all services, equipment, devices, and supplies offered for sale or
27 lease in connection with gambling games authorized under this chapter.

28 (b) A supplier shall keep books and records for the furnishing of services,
29 equipment, devices, and supplies to gambling operations separate from books and
30 records of any other business operated by the supplier.

31 (c) A supplier shall file a quarterly return with the commission listing all sales

1 and leases.

2 (d) A supplier shall permanently affix the supplier's name to all of the
3 supplier's equipment, devices, and supplies for gambling operations.

4 **Sec. 05.18.310. Forfeiture of equipment, devices, or supplies.** A supplier's
5 equipment, devices, or supplies that are used by a person in an unauthorized gambling
6 operation shall be forfeited to the state.

7 **Sec. 05.18.320. Repair of equipment, devices, and supplies.** Gambling
8 equipment, devices, and supplies that are provided by a supplier may be repaired in
9 the gambling facility or removed for repair from the gambling facility to a facility
10 owned by a licensed supplier.

11 **Sec. 05.18.330. Renewal of supplier's license; compliance investigations.**
12 (a) Unless a supplier's license is suspended, expires, or is revoked, the supplier's
13 license may be renewed upon the payment of a renewal fee in an amount established
14 by the commission and a determination by the commission that the licensee is in
15 compliance with this chapter.

16 (b) A licensed supplier shall undergo a complete investigation by the
17 commission every five years to determine whether the licensee is in compliance with
18 this chapter.

19 (c) Notwithstanding (b) of this section, the commission may investigate a
20 licensed supplier at any time the commission determines necessary to ensure that the
21 licensee is in compliance with this chapter.

22 (d) A licensed supplier shall bear the cost of an investigation or reinvestigation
23 of the licensee and an investigation resulting from a potential transfer of ownership.

24 **Sec. 05.18.340. Occupations requiring license.** The commission shall
25 determine the occupations related to gambling that require a license under this chapter.
26 The commission shall require that an individual applying for an occupational license

27 (1) to manage gambling operations under this chapter is subject to
28 background inquiries and requirements similar to those required for an applicant for an
29 owner's license under this chapter; and

30 (2) may manage gambling operations for only one licensed owner.

31 **Sec. 05.18.350. Occupational license; requirements; fees; duration;**

1 **renewal; compliance investigations.** (a) The commission may issue an occupational
2 license to an individual if

3 (1) the individual has applied for the occupational license and provided
4 the information required under AS 05.18.090;

5 (2) a nonrefundable application fee set by the commission has been
6 paid on behalf of the applicant in accordance with (b) of this section;

7 (3) the commission has determined that the applicant is eligible for an
8 occupational license; and

9 (4) an annual license fee set by the commission has been paid on
10 behalf of the applicant in accordance with (b) of this section.

11 (b) A licensed owner, an applicant for an owner's license, or a licensed
12 supplier shall pay the application fee of an individual applying for an occupational
13 license to work at the licensed owner's gambling operation or for the licensed supplier.
14 The licensed owner, applicant for an owner's license, or licensed supplier shall pay the
15 annual occupational license fee on behalf of an employee or potential employee. The
16 licensed owner, applicant for an owner's license, or licensed supplier may seek
17 reimbursement of the application fee or annual license fee from an employee who is
18 issued an occupational license by the commission.

19 (c) A license issued under this section is valid for one year after the date of
20 issuance.

21 (d) Unless an occupational license is suspended, expires, or is revoked by the
22 commission, the occupational license may be renewed annually upon the payment of
23 an annual license fee by the licensed owner or licensed supplier on behalf of the
24 licensee, or by the licensee in an amount established by the commission and a
25 determination by the commission that the licensee is in compliance with this chapter.

26 (e) The commission may investigate the holder of an occupational license at
27 any time the commission determines necessary to ensure that the licensee is in
28 compliance with this chapter.

29 (f) A licensed owner, an applicant for an owner's license, or a licensed
30 supplier shall pay the cost of an investigation or reinvestigation by the commission of
31 a holder of an occupational license who is employed by the licensed owner or licensed

1 supplier. The licensed owner, applicant for an owner's license, or licensed supplier
 2 may seek reimbursement of the cost of an investigation or reinvestigation from an
 3 employee who holds an occupational license.

4 **Sec. 05.18.360. Qualifications for occupational license.** The commission
 5 may not issue an occupational license to an individual unless the individual

6 (1) is at least 18 years of age;

7 (2) has not been convicted of a felony under the laws of this state, the
 8 laws of another state, or the laws of the United States;

9 (3) has demonstrated a level of skill or knowledge that the commission
 10 determines is necessary to operate gambling games; and

11 (4) has met standards of character and fitness adopted by the
 12 commission for the holding of an occupational license.

13 **Sec. 05.18.370. Application for occupational license.** (a) An application for
 14 an occupational license shall be made on forms prescribed by the commission and
 15 contain all information required by the commission.

16 (b) An applicant for an occupational license shall provide the following
 17 information in the application:

18 (1) a statement of whether the applicant has held any other licenses
 19 related to gambling;

20 (2) if the applicant has been licensed in another state under any other
 21 name, the name under which the applicant was licensed in the other state;

22 (3) the applicant's age;

23 (4) if a permit or license issued to the applicant in another state has
 24 been suspended, restricted, or revoked, the date, duration, and nature of the
 25 suspension, restriction, or revocation.

26 (c) An applicant for an occupational license shall submit with the application
 27 two sets of the applicant's fingerprints. The applicant must submit the fingerprints on
 28 forms provided by the commission. The commission shall charge each applicant the
 29 fee set by the Department of Public Safety for state and national fingerprint record
 30 searches.

31 **Sec. 05.18.380. Restrictions on issuance of occupational license.** Unless a

1 person is granted a waiver under AS 05.18.420, the commission may refuse to issue an
2 occupational license to an individual who

- 3 (1) is unqualified to perform the duties required of the applicant;
- 4 (2) does not disclose or states falsely any information required by the
5 application;
- 6 (3) has been found guilty of a violation of this chapter;
- 7 (4) has had a gambling-related license or an application for a
8 gambling-related license suspended, restricted, revoked, or denied for just cause in
9 another state; or
- 10 (5) has not met standards of character and fitness adopted by the
11 commission for the holding of an occupational license.

12 **Sec. 05.18.390. Suspension, revocation, or restriction of licenses.** The
13 commission may suspend, revoke, or restrict an occupational licensee for

- 14 (1) a violation of this chapter;
- 15 (2) a cause that, if known to the commission, would have disqualified
16 the applicant from receiving the occupational license;
- 17 (3) a default in the payment of an obligation or a debt due to the state;
- 18 or
- 19 (4) any other just cause.

20 **Sec. 05.18.400. Schools for training occupational licensees.** (a) This
21 chapter does not prohibit a licensed owner from entering into an agreement with a
22 school approved by the commission for the training of an occupational licensee.

23 (b) Training offered by a school described in (a) of this section must be in
24 accordance with a written agreement between the licensed owner and the school and
25 approved by the commission.

26 **Sec. 05.18.410. Training locations.** Training provided for occupational
27 licensees may be conducted in a gambling facility or at a school with which a licensed
28 owner has entered into an agreement under this chapter.

29 **Sec. 05.18.420. Convicted felons; rehabilitation; waiver.** (a) An individual
30 applying for an occupational license who is disqualified under AS 05.18.360 due to a
31 conviction for a felony may apply to the commission for a waiver of that

1 disqualification, and the commission may issue a license to the person if the
 2 commission determines that the individual has demonstrated by clear and convincing
 3 evidence the individual's rehabilitation.

4 (b) In determining whether the individual applying for the occupational
 5 license has demonstrated rehabilitation under (a) of this section, the commission shall
 6 consider

7 (1) the nature and duties of the position for which the individual has
 8 applied;

9 (2) the nature and seriousness of the offense or conduct;

10 (3) the circumstances under which the offense or conduct occurred;

11 (4) the date of the offense or conduct;

12 (5) the age of the individual when the offense or conduct was
 13 committed;

14 (6) whether the offense or conduct was an isolated or a repeated
 15 incident;

16 (7) a social condition that may have contributed to the offense or
 17 conduct;

18 (8) evidence of rehabilitation, including good conduct in prison or in
 19 the community, counseling or psychiatric treatment received, acquisition of additional
 20 academic or vocational education, successful participation in a correctional work
 21 release program, or the recommendation of a person who supervises or has supervised
 22 the individual;

23 (9) the complete criminal record of the individual;

24 (10) the prospective employer's written statement that

25 (A) the employer has been advised of all of the facts and
 26 circumstances of the individual's criminal record; and

27 (B) after having considered the facts and circumstances, the
 28 prospective employer will hire the individual if the commission grants a waiver
 29 of the requirements of this chapter.

30 (c) The commission may not waive the requirements of this chapter for an
 31 individual who has been convicted of committing any of the following:

1 (1) a felony in violation of federal law, as classified in 18 U.S.C. 3559;
 2 (2) a felony of fraud, deceit, or misrepresentation under the laws of this
 3 state or another jurisdiction;

4 (3) a felony of conspiracy to commit a felony of fraud, deceit, or
 5 misrepresentation under the laws of this state or another jurisdiction; or

6 (4) a felony related to gambling under the laws of this state or a crime
 7 in another jurisdiction in which the elements of the crime for which the conviction was
 8 entered are substantially similar to the elements of a felony related to gambling under
 9 the laws of this state.

10 **Sec. 05.18.430. Gambling permitted in gambling facilities.** Gambling
 11 operations shall only be conducted by a licensed owner in a gambling facility.

12 **Sec. 05.18.440. Minimum and maximum wagers.** Minimum and maximum
 13 wagers on gambling games shall be determined by the commission.

14 **Sec. 05.18.450. Inspection of gambling facilities.** The following persons may
 15 inspect a gambling facility at any time to determine if this chapter is being violated:

16 (1) employees of the commission;

17 (2) officers of the Department of Public Safety.

18 **Sec. 05.18.460. Presence of commission employees in gambling facilities.**
 19 Employees of the commission have the right to be present in a gambling facility or any
 20 adjacent facilities under the control of a licensed owner.

21 **Sec. 05.18.470. Gambling equipment and supplies; purchase or lease.**
 22 Gambling equipment and supplies customarily used in conducting gambling
 23 operations may be purchased or leased only from suppliers licensed under this chapter.

24 **Sec. 05.18.480. Permitted forms of wagering.** A licensed owner may not
 25 permit any form of wagering on gambling games except as permitted under this
 26 chapter.

27 **Sec. 05.18.490. Presence required for wagering.** Wagers may be received
 28 only from a person present in a licensed gambling facility. A person present in a
 29 gambling facility may not place or attempt to place a wager on behalf of another
 30 person who is not present in the gambling facility.

31 **Sec. 05.18.500. Wagering prohibited with negotiable currency.** Wagering

1 may not be conducted with money or other negotiable currency.

2 **Sec. 05.18.510. Persons under 21 years of age; presence in gambling area.**

3 (a) Except as provided in (b) of this section, a person who is under 21 years of age
4 may not be present in the area where gambling is being conducted in a gambling
5 facility.

6 (b) A person who is at least 18 years of age and who is an employee of the
7 gambling facility may be present in an area where gambling is conducted. However,
8 an employee who is under 21 years of age may not perform a function involving
9 gambling by the patrons or the sale and distribution of alcoholic beverages.

10 **Sec. 05.18.520. Persons under 21 years of age; wagering prohibited.** A

11 person who is under 21 years of age may not make a wager under this chapter.

12 **Sec. 05.18.530. Tokens, chips, or electronic cards; purchase.** (a) All tokens,

13 chips, or electronic cards that are used to make wagers must be purchased from the
14 owner of the gambling facility while in the gambling facility or at a facility that is
15 adjacent to the gambling facility and has been approved by the commission.

16 (b) The tokens, chips, or electronic cards may be purchased by means of an
17 agreement under which the licensed owner extends credit to the patron.

18 **Sec. 05.18.540. Crimes.** (a) A person commits a class A misdemeanor if the

19 person knowingly

20 (1) makes a false statement on an application submitted under this
21 chapter;

22 (2) operates a gambling operation in which wagering is conducted or is
23 to be conducted in a manner other than the manner required under this chapter;

24 (3) permits a person under 21 years of age to make a wager;

25 (4) aids, induces, or causes a person under 21 years of age who is not
26 an employee of the gambling facility to enter or attempt to enter the gambling facility;

27 (5) wagers or accepts a wager at a location other than a gambling
28 facility owned by a licensed owner;

29 (6) makes a false statement on an application submitted to the
30 commission under this chapter; or

31 (7) enters or attempts to enter a gambling facility and is not an

1 employee of the gambling operation and is under 21 years of age.

2 (b) A person commits a class C felony if the person knowingly

3 (1) offers, promises, or gives anything of value or benefit

4 (A) to a person who is connected with the owner of a gambling
5 facility, including an officer or an employee of a licensed owner or holder of
6 an occupational license; and

7 (B) under an agreement to influence or with the intent to
8 influence

9 (i) the actions of the person to whom the offer, promise,
10 or gift was made in order to affect or attempt to affect the outcome of a
11 gambling game; or

12 (ii) an official action of a member of the commission;

13 (2) solicits, accepts, or receives a promise of anything of value or
14 benefit

15 (A) while the person is connected with a gambling facility,
16 including an officer or employee of a licensed owner or a holder of an
17 occupational license; and

18 (B) under an agreement to influence or with the intent to
19 influence the actions of the person to affect or attempt to affect the outcome of
20 a gambling game or an official action of a commission member;

21 (3) uses, or possesses with the intent to use, a device to assist in

22 (A) projecting the outcome of a game;

23 (B) keeping track of the cards played;

24 (C) analyzing the probability of the occurrence of an event
25 relating to a gambling game; or

26 (D) analyzing the strategy for playing or betting to be used in a
27 game, except as permitted by the commission;

28 (4) cheats at a gambling game;

29 (5) manufactures, sells, or distributes any cards, chips, dice, game, or
30 device that is intended to be used to violate this chapter;

31 (6) alters or misrepresents the outcome of a gambling game on which

1 wagers have been made after the outcome is made sure but before the outcome is
2 revealed to the players;

3 (7) places a bet on the outcome of a gambling game after acquiring
4 knowledge that is not available to all players and that concerns the outcome of the
5 gambling game that is the subject of the bet;

6 (8) aids a person in acquiring the knowledge described in (7) of this
7 subsection for the purpose of placing a bet contingent on the outcome of a gambling
8 game;

9 (9) claims, collects, takes, or attempts to claim, collect, or take money
10 or anything of value in or from a gambling game with the intent to defraud or without
11 having made a wager contingent on winning a gambling game;

12 (10) claims, collects, or takes an amount of money or thing of value of
13 greater value than the amount won in a gambling game;

14 (11) uses or possesses counterfeit chips or tokens in or for use in a
15 gambling game;

16 (12) possesses a key or device designed for opening, entering, or
17 affecting the operation of a gambling game, a drop box, or an electronic or mechanical
18 device connected with the gambling game or removing coins, tokens, chips, or other
19 contents of a gambling game; this paragraph does not apply to a licensee or an
20 employee of a licensee acting in the course of the employee's employment;

21 (13) possesses materials used to manufacture a slug or device intended
22 to be used in a manner that violates this chapter.

23 **Sec. 05.18.550. Possession of cheating devices; presumption.** The
24 possession of more than one of the devices described in AS 05.18.540(b) as cheating
25 devices creates a rebuttable presumption that the possessor intended to use the devices
26 for cheating.

27 **Sec. 05.18.560. Convicted felons; entering gambling facilities prohibited.**
28 A person who is convicted of a felony described in AS 05.18.540(b) is barred for life
29 from entering a gambling facility in this state.

30 **Sec. 05.18.570. State gaming fund.** There is created in the general fund the
31 state gaming fund. The state gaming fund consists of all revenue received from

1 gambling activities under AS 05.18 and all other money credited or transferred to the
2 fund from another fund or source.

3 **Sec. 05.18.580. Adjusted gross receipts tax; rate; payment.** (a) A tax is
4 imposed on the adjusted gross receipts received from gambling games authorized
5 under this chapter at the rate of 17 percent of the amount of the adjusted gross receipts.

6 (b) The licensed owner shall remit the tax imposed by this section to the
7 department before the close of the business day following the day the wagers are
8 made.

9 (c) The department may require payment under this section to be made by
10 electronic funds transfer.

11 (d) If the department requires taxes to be remitted under this section by
12 electronic funds transfer, the department may allow the licensed owner to file a
13 monthly report to reconcile the amounts remitted to the department.

14 (e) A municipality in which a gambling facility is located may not tax the
15 adjusted gross receipts received from gambling games authorized under this chapter at
16 a rate of more than three percent of the amount of the adjusted gross receipts. This
17 subsection applies to home rule and general law municipalities.

18 **Sec. 05.18.900. Definitions.** In this chapter,

19 (1) "adjusted gross receipts" means the total of all cash and property,
20 including checks received by a licensee, whether collected or not, received by a
21 licensee from gambling operations, minus the total of all cash paid out as winnings to
22 patrons and uncollectible gaming receivables, not to exceed the lesser of a reasonable
23 protection for uncollectible patron checks received from gambling operations or two
24 percent of the total of all sums, including checks, whether collected or not, less the
25 amount paid out as winnings to patrons; for purposes of this paragraph, a counter or
26 personal check that is invalid or unenforceable under this chapter is considered cash
27 received by the licensee from gambling operations;

28 (2) "cheat" means to alter the selection of criteria that determine the
29 result of a gambling game or the amount or frequency of payment in a gambling game;

30 (3) "commission" means the Alaska Gaming Commission established
31 by AS 05.18.010;

1 (4) "department" means the Department of Revenue;

2 (5) "gambling facility" means a structure in which lawful gambling is
3 conducted by a licensed owner;

4 (6) "gambling game" includes any of the following if approved by the
5 commission: baccarat, twenty-one, poker, craps, slot machines, video games of
6 chance, roulette, Klondike table, punchboard, faro layout, keno layout, numbers ticket,
7 push card, jar ticket, pull tab, big six;

8 (7) "gambling operation" means the conduct of authorized gambling
9 games in a licensed gambling facility;

10 (8) "gross receipts" means the total amount of money exchanged for
11 the purchase of chips, tokens, or electronic cards by gambling facility patrons;

12 (9) "intentionally" has the meaning given in AS 11.81.900;

13 (10) "knowingly" has the meaning given in AS 11.81.900;

14 (11) "license" means a license issued by the commission under this
15 chapter;

16 (12) "licensed owner" means a person that owns a gambling facility
17 who is licensed under this chapter;

18 (13) "licensee" means a person holding a license issued under this
19 chapter;

20 (14) "owner's license" means a license issued under this chapter that
21 allows a person to own and operate a gambling facility;

22 (15) "supplier's license" means a license issued under this chapter that
23 allows a person to supply security and surveillance services and supplies, money
24 counting services and supplies, and gambling paraphernalia and equipment to a
25 licensed owner.

26 * **Sec. 3.** AS 11.66.280(2) is amended to read:

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

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

6 (B) playing an amusement device that

7 (i) confers only an immediate right of replay not
 8 exchangeable for something of value other than the privilege of
 9 immediate replay; and

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

12 (C) an activity authorized by the Department of Revenue under
 13 AS 05.15 **or by the Alaska Gaming Commission under AS 05.18;**

14 * **Sec. 4.** AS 18.65.080 is amended by adding a new subsection to read:

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

18 * **Sec. 5.** AS 39.25.110(11) is amended to read:

19 (11) the officers and employees of the following boards, commissions,
 20 and authorities:

21 (A) [REPEALED

22 (B)] Alaska Permanent Fund Corporation;

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

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

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

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

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

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

29 * **Sec. 6.** AS 39.50.200(b) is amended by adding a new paragraph to read:

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