

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

April 21, 2005

4:30 p.m.

MEMBERS PRESENT

Representative Tom Anderson, Chair
Representative Pete Kott
Representative Gabrielle LeDoux
Representative Bob Lynn
Representative Norman Rokeberg
Representative Harry Crawford
Representative David Guttenberg

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 272

"An Act relating to card rooms and card operations."

- MOVED HB 272 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 272

SHORT TITLE: CARD ROOMS & OPERATIONS

SPONSOR(S): REPRESENTATIVE(S) KOTT

04/18/05	(H)	READ THE FIRST TIME - REFERRALS
04/18/05	(H)	L&C, JUD, FIN
04/21/05	(H)	L&C AT 3:15 PM CAPITOL 17

WITNESS REGISTER

MICHAEL O'HARE, Staff
to Representative Kott
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 272 on behalf of
Representative Kott, sponsor.

ED MOEGLEIN
Alaska Charitable Nonprofits Organizations
Kenai, Alaska

POSITION STATEMENT: Testified in opposition to HB 272.

PERRY GREEN

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 272 and answered questions regarding the bill.

BRETT FRIED, Economist

Tax Division

Department of Revenue

POSITION STATEMENT: Answered questions regarding HB 272.

LARRY MEYERS, Deputy Director

Tax Division

Department of Revenue

POSITION STATEMENT: Answered questions regarding HB 272.

ACTION NARRATIVE

CHAIR TOM ANDERSON called the House Labor and Commerce Standing Committee meeting to order at [4:43:21 PM](#). Representatives Anderson, Crawford, Lynn, Kott, LeDoux, Guttenberg and Rokeberg were present at the call to order.

HB 272-CARD ROOMS & OPERATIONS

CHAIR ANDERSON announced that the only order of business would be HOUSE BILL NO. 272, "An Act relating to card rooms and card operations."

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MICHAEL O'HARE, Staff to Representative Kott, Alaska State Legislature, presented HB 272 on behalf of Representative Kott, sponsor. He remarked that popularity of poker has grown significantly in recent years. He stated:

Due to this growth in interest, the intent of HB 272 is to allow social card games to be played in a tightly controlled public environment. Alaska can address the trend and bring this popular pastime in to compliance with the safety and revenue laws of the state. The types of games allowed to be played are nonbanking card games, which means games where players play against each other, not against the house. ... Games are played for tokens or chips, not negotiable

currency. And the games we're talking about are poker, pan, rummy, bridge, and cribbage. The limited number of licenses for card room operations would be only for municipalities of 30,000 people or more, and may not exceed the total population divided by 30,000 people.

The licensee is required to pay a nonrefundable application fee of \$25,000 with the Department of Revenue. They are also required to post a \$500,000 cash bond at least 60 days in advance of commencement of a card room operation. They are required to pay an annual fee of \$10,000 for each card table in the establishment. They are required to be fingerprinted. They are required to pay all investigative costs incurred over the initial \$25,000 application fee for investigation of background. They are required to host quarterly tournaments with proceeds to be distributed to a nonprofit educational institution or group designated by the owner. The license is good for five years. An individual cannot get a license if they're convicted of a felony, knowingly falsify their application, or are currently a manager or owner or director or managerial employee of an existing operation, or the employer of a manager or owner or director or managerial employee of an existing operation.

MR. O'HARE continued:

[House Bill 272] allows for the Department of Revenue to strictly enforce regulations imposed on card room operations, allowing card players to enjoy a safe, regulated playing environment. It also gives back to the community by creating jobs, supporting nonprofit educational charities, and again bringing revenue to the state. There is a fiscal note as well as sectional analysis in your packets. There's a legal opinion with regards to the effect of this bill with regards to Indian gaming. And there's also an example spreadsheet giving the example of possible gross sales per number of card tables in the establishment as well as an estimated employee hiring information.

REPRESENTATIVE KOTT pointed out that poker has become very popular. He reiterated that there would be a \$25,000 nonrefundable application fee for the license, which means that

if the department decides not to issue the license, the money stays at the department. He noted that there would also be an advisory board consisting of five members appointed by the governor, and that board would make recommendations to the department regarding the operation of the facilities.

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REPRESENTATIVE KOTT also pointed out that there would be a \$10,000 fee required for each card table in the facility. He alluded to recent newspaper articles about "the amount of activity that's occurring around the state in these card rooms."

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REPRESENTATIVE LEDOUX noticed that Section 05.18.030 on page 2, lines 11-23, required that the wagering may not be conducted with money or negotiable currency. She said, "I assume at the end of the day, though, you can cash in the chips."

REPRESENTATIVE KOTT replied that this assumption was correct. He said that the rules would be like those used in 40 other states where people cannot actually take cash to the table.

REPRESENTATIVE LYNN commented, "Just because something is popular and 'everybody does it,' does that mean we should legalize it? ... Should we legalize everything that we might possibly get revenue from?"

REPRESENTATIVE KOTT responded that it is up to the legislature to determine what activities it wants to license and make legal. He said that it's a policy call.

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REPRESENTATIVE LYNN commented that if the bill was limited to boroughs with a population of 30,000 or more, and allowed one card room per 30,000 people, this would mean that eight or nine parlors could be in operation in Anchorage, two or three in Fairbanks, and one in Juneau. He asked, "But why are we doing this? Are we not discriminating against the people who live in the Bush? Why can't they have [a card room]? ... Why do we think that people who live in the villages are less responsible than those who live in the city?"

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REPRESENTATIVE KOTT replied:

If you do the numbers, you can probably conclude that there could be upwards of 13 card rooms throughout the state. I think you have to recognize that it's going to take a certain population base to provide the revenue that's needed to run these card rooms. [A population of] 30,000 was a number that we felt ... could support a card room. ... I think it depends on, number one, how many card tables are in each card room, and number two, whether or not you have an entity out in rural Alaska ... that can post a \$500,000 cash bond plus the \$10,000 per table on an annual basis. ... In addition to that, it would be extremely burdensome on the department to do the required checks periodically, which in this bill, the doors are open to [the department].

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REPRESENTATIVE LYNN said, "Basically you won't let competition take its own course.... Why not have a certificate of need?"

REPRESENTATIVE KOTT replied that it is relatively risky for a company to come up with the initial revenue to get a card room opened, and he didn't think there was anyone in rural Alaska with that kind of upfront cash. He commented that if this idea proved to be successful, the legislature could make additional changes to the law. He said, "Right now, since this is kind of a trial, we should allow for the best degree of success to occur."

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ED MOEGLEIN, Alaska Charitable Nonprofits Organizations, commented that his organization was formed last year to "put things together to make sure of protecting our rights in charitable nonprofits and our ability to earn funds." He asked if this bill would pave the way to allowing Native corporations to operate casinos in Alaska.

CHAIR ANDERSON asked if Mr. MOEGLEIN's concern was that if casinos were legalized in Alaska they might take from nonprofit charitable earnings.

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MR. MOEGLEIN replied that this was incorrect. He clarified, "It's more that if gambling is legalized, will Native corporations then be able to have casinos on their land?"

REPRESENTATIVE KOTT stated that Legislative Legal Services had issued the opinion that the bill would not impact Indian gaming operations in Alaska.

REPRESENTATIVE ROKEBERG asked, "Is that exclusive of Type 2 Games? Would that not be allowed in Indian lands if they were permitted under this statute?"

REPRESENTATIVE KOTT responded, "On Type 2, yes."

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GUY WARREN, Stated Clerk, Presbytery of Alaska, explained that the Presbytery of Alaska consists of 15 member churches. He stated:

We believe that this bill represents a significant step towards situations will not be in the best interest of the state government or the citizens it serves. It will increase the social problems we face as a state and it will results in decreased state control through the introduction of increased Indian gaming. ... Our research into this would clearly indicate this would permit Class II gaming under Indian control, and I think it's important to note that that would be under Indian control. The various protections this bill provides for fees, licenses, etcetera ... would not apply to Indian gaming, as we read that. The only oversight of that would be at the federal level, at the Indian Gaming Commission. ...

The people of the State of Alaska have spoken on the issue of gambling. In 1990, a measure came before the people to expand gambling and this measure was defeated by over 40,000 votes, a two-to-one margin. I would hope that the legislature would think very carefully before attempting to override the vote of the people on that.

MR. WARREN remarked that he is aware of the popularity of the poker television shows, but he noted that the viewer is not seeing the hundreds of players who lost substantial amounts of money during the course of the tournament. He agreed with the

earlier comment that just because something is popular is not enough reason to legalize it.

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MR. WARREN continued:

Our state's problems with illegal gambling is not nearly so desperate as to take the significant gamble this bill proposes. As a means of encouraging tourism, it should be remember that the natural attractions we already have for bringing tourists to our state are unmatched and provide a few better reason for traveling to Alaska than any card room ever could.

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REPRESENTATIVE GUTTENBERG asked Mr. Warren, "You said your opinion differs from the legal analysis that we have from [Legislative Legal Services]. I was wondering if you had that in writing and who that was from."

MR. WARREN replied that the material that he had distributed to the committee included several excerpts from the Indian Gaming Commission web site, where Class II gaming is defined as including nonbanked card games that are played exclusively against other players. Reading from the web site printout, he said, "Tribes retain the authority to conduct, license, and regulate Class II gaming so long as the state in which the tribe is located permits such gaming for any purpose." He noted that he had also referenced two opinions issued by the General Council of the Indian Gaming Commission, in which a poker club and nonbank poker are deemed to be Class II games. He reiterated his conclusion that under this bill, [Native corporations] would be allowed to open card rooms that the state wouldn't control.

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REPRESENTATIVE ROKEBERG asked if Mr. Warren had any legal advice when he [assembled the material that he had distributed to the committee.]

MR. WARREN replied that he did not seek legal advice. However he said that the information he found on the web site was easy to understand.

REPRESENTATIVE ROKEBERG agreed that it appeared that the games listed in the bill would be considered Class II games. He stated, "The question is whether or not we have to enter into a tribal-state compact, and what the terms of those would be. ... That's certainly something the committee needs to look into. There seems to be more unanswered questions here than answers...." He asked Mr. Warren if he was aware of any professional-type illegal poker games going on in the Juneau area.

MR. WARREN replied that he doesn't gamble and therefore he isn't aware of any gambling activities.

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CHAIR ANDERSON commented that there were a lot of legal questions, but the commerce issues were pretty straightforward.

PERRY GREEN explained that Class II gaming, in this case, refers to bingo and pull tabs, and he said, "The Natives could have been doing this many weeks, months, years ago had they wanted to." He said pointed out that the recent issue of the Alaska Airlines magazine had an article on poker. He commented that in the Palm Springs area, retirees play for hours at a time during the day and young people go out and play at night. He said, "Everybody enjoys playing poker; to deny them that in this state seems foolish since it's already allowed in 44 other states."

MR. PERRY explained that there are poker games that now have prizes of up to \$800 million. He commented that poker leagues are forming around the country.

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MR. GREEN commented:

What benefit would be to the municipality that institutes a poker game? Well, they wouldn't have to go to the after-hours places where ... you can buy drugs, where you can pay a lot more to play, and that's where you can get robbed. In the past six months we've had two armed robberies of after-hours places in Anchorage. ... The problem is what we have now. By regulating it, by having a good operation, by somebody being a card operator to facilitate an honest

game in an honest enterprise: that's what people want and seek.

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MR. GREEN commented that many Alaskans play poker on the Internet and therefore the money is leaving the state. He said that money should stay in Alaska to "enhance the economy of Alaska."

CHAIR ANDERSON remarked that the National Conference of Legislative Gaming States reported last year that there's likely over \$100 million spent on Internet gaming, and he speculated that that number has tripled now because of the popularity.

MR. GREEN replied that that money doesn't stay within the United States but instead goes to Costa Rica, Dominican Republic, England, and the Jersey Islands. He continued, "The question is "Why not in Alaska? What not create some jobs? Why not put it into an environment where people can enjoy it?" He noted that he is not advocating for casinos.

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CHAIR ANDERSON commented that he has been told that the average expenditure on pull tabs for regular players is over \$100 each session. He noted that there are concerns that some individuals might have gambling problems and ultimately gamble their money away.

MR. GREEN remarked:

Let me talk about who plays poker and who plays rippies [pull tabs]. People who play poker are usually employed. ... They're looking to do some recreation; they're not able to ski anymore, they don't have the time to go hunting or fishing, ... so they go down and play a few hours of poker and relax. ... But the pulltab player is a different player. You don't play poker and keep on losing and losing and losing, and then say, "I'm going to get it all back." You say, "Well, I'm not a good poker player." And you don't find the problem gamer as a poker player; you find losers and winners, but you find losers and winners when you invest in the stock market.

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CHAIR ANDERSON said, "I don't think you're here to counter the morality of [gambling]; you're here ... to state that probably the majority of Alaskans, 51, 52, maybe 60 percent or more, would support this with regard to like a state poll, certainly would frequent these establishments."

MR. GREEN estimated that about 80 percent of the population would think that it was fine to have card rooms.

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REPRESENTATIVE CRAWFORD turned to Section 05.18.230 on page 12, lines 5-13, which require that the holder of an owner's license hold quarterly card tournaments to benefit a nonprofit educational institution or group. He asked who these educational institutions are and how are they chosen.

MR. GREEN replied that each individual operator would choose the institution, and he listed examples such as the University of Alaska, Alaska Pacific University, a church-sponsored Sunday school, or for a scholarship for a Native group. He said that a smart operator would be able to pick a different institution each time.

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MR. GREEN recalled that he ran a card tournament for the chamber of commerce about 10 years ago during which he raised \$60,000.

REPRESENTATIVE KOTT pointed out that the bill says that the beneficiary could only receive funds once a year, and so the operator would be required to alternate beneficiaries.

REPRESENTATIVE CRAWFORD applauded Mr. Green for the good work that he has done for the state over the years, but he stated, "I have just never been a fan of for-profit gambling."

MR. GREEN opined that there are have to be the opponents, but he has a right to play what he enjoys as long as he doesn't hurt anybody else.

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REPRESENTATIVE CRAWFORD stated:

We're the last state in the union that doesn't have for-profit gambling of some form or shape. I don't want to go there; I don't want to get to that point, because I think that it eventually shrinks the economy. ... We have [an] apparatus for charitable gaming in this state. Why couldn't we do all of these things that you want to do and set it up as a charitable gaming operation.... The profit, rather than going to the state, should go to our local charities, and run it just the same way as we run our charitable gaming operations today.

MR. GREEN replied that under the very heavy burden of \$10,000 per table, some operators will lose money.

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REPRESENTATIVE CRAWFORD mentioned that he has an amendment to lower the fees to the same level as the charitable gaming fees.

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REPRESENTATIVE ROKEBERG commented, "[Charitable gaming] is one of the most corrupt, messed up, unfair systems probably in the United States." He stated surprise that Representative Crawford, as an opponent of gaming, would suggest this. He said:

The whole system is broken right now but for the fact that the charities lobbied to support it, it's almost impossible for this legislature to take on this big gorilla we have in this state, which I think is an awful system. The state benefits very little, and the operators drive it, and the charities suffer from it and don't get equitable treatment. So I think if we are looking at an expansion gaming, I think we've got to make sure it doesn't come under the same umbrella of corruption that that system.

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REPRESENTATIVE CRAWFORD stated that he does not want to expand gambling, but he thinks it will probably happen whether he likes it or not and so he was trying to make it have the least affect on the state. He said that he doesn't like the charitable gaming situation as it is either, and he would encourage its

reformation. He said, "I don't want to have legalized for-profit gambling."

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REPRESENTATIVE ROKEBERG turned attention to Article 3 on page 9 of the bill, and said that he was concerned that if there were limitations on the number of licenses, there would be great competition for those. He asked how the state would choose who receives the licenses.

BRETT FRIED, Economist, Tax Division, Department of Revenue, deferred to the deputy director of his division.

LARRY MEYERS, Deputy Director, Tax Division, Department of Revenue, pointed out that Section 05.18.210 on page 10, lines 12-29, lists the factors considered in granting owner's licenses. He said that it is his understanding that based on these considerations the department would determine who were the best qualified to receive owner's licenses.

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REPRESENTATIVE ROKEBERG turned to page 12, lines 5-13 regarding tournaments held where the proceeds go to charities. He asked if there was a definition of what proceeds are. He then turned to page 8, lines 6-17 regarding the transfer of licenses, and he commented that this would presumably create a property right and a value for the license, similar to that of a liquor license. He asked if that assumption was correct.

MR. MEYERS replied, "It does appear that there is ... transfer and there should be a right. I can say that this bill gives the department extensive privileges to right regulations, and I think that we would partake in that."

REPRESENTATIVE ROKEBERG commented:

It's troubled me over the years that we have created property rights and all kinds of things, like limited entry permits for fisheries, liquor licenses, all kinds of benefits that grow in value, and the licensees end up profiting by selling those licenses, and the state gets nothing. So I think we ought to consider that we're going to create a personal property right and evaluation in these licenses, and if there's any alienation or transfer that ... the

state share at least 50-50 in the new proceeds, or something.

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REPRESENTATIVE GUTTENBERG asked the department to expand on how it would choose between two applicants to determine which one would receive the license.

MR. MEYERS replied that the only thing he could do would be to read what's provided for in the bill on the criteria. He reminded the committee that there is an oversight commission that would "help in the policy matters."

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REPRESENTATIVE LEDOUX asked what the rationale is behind the limited entry.

MR MEYERS responded that he wasn't sure if he could address that because the department didn't draft the bill. He suggested that perhaps Representative Kott or Mr. Green could answer that question.

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REPRESENTATIVE LEDOUX restated her question, "Why are we just saying that there can only be one [card room per population of 30,000]? Why aren't we letting market forces regulate it? And if more than one can make a living, that's fine."

REPRESENTATIVE KOTT replied that he established this as a threshold because he assume there would need to be a minimum population base of about 30,000 to support a card room. He noted that if after a while "it looks like there's others that are interested and if the numbers justify it, then we could also revisit the issue: amend the section of the bill that calls for a minimum of 30,000 people."

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REPRESENTATIVE LEDOUX again reiterated her question, clarifying that she wasn't questioning the minimum population requirement, but the limited number of licenses.

CHAIR ANDERSON answered, "I think Representative Kott's saying, because they wanted to make this on a trial basis and prove

their legislative intent correctly, and so they wanted to fix an amount."

REPRESENTATIVE KOTT commented, "I don't believe that if you had a population base less than 30,000 it would support multiple card rooms in that location."

CHAIR ANDERSON asked, "But what about over 30,000? Why can't we have any amount?"

REPRESENTATIVE KOTT said:

It's based on what we projected; that you need to have a 30,000 base population for one [card room] and you just layer that. ... In Anchorage, for instance, you could have I think upwards of eight card rooms. I don't envision that happening. ... I think the most you'd probably have is three or four ... because the market forces would tend to take over.

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REPRESENTATIVE LEDOUX clarified:

When you have a limited number of licenses being granted by the state, ... those licenses take on a value unto themselves, which ... could be worth a lot of money on transfer. And we don't say, when we issue a license for a restaurant, for example, that we're going to limit it so that there can only be one restaurant per every 30,000 people.

CHAIR ANDERSON replied, "We do with liquor licenses."

REPRESENTATIVE GUTTENBERG commented that over the years, because of limited permits, he has seen gaming change from being controlled by the nonprofits to being controlled by the gaming operators. He asked, "What has happened to enforcement over the years and funding for enforcement? ... Because any time we open up gaming in this state, ... you're liable to see those same issues come up."

MR. MEYERS pointed out that the fiscal note provides for four investigators currently and one head investigator, depending upon the number of operations. He noted, "It is an unknown at this time because we really don't know the owners we will be licensing or how many card tables."

MR. FRIED clarified the question for Mr. Meyers.

MR. MEYERS explained that there are two investigators in the state dealing with bingo and raffles. He said that with the funds from the new tobacco tax, there are currently five investigators that are able to go out in the field and conduct both tobacco and gaming investigations simultaneously. He noted, "We have seen a marked increase in our ability to have oversight in charitable gaming."

CHAIR ANDERSON commented that if there were an increase in investigators and only three or four card rooms in the state, those investigators could actually spend part of their time investigating pull tab, bingo, and raffle operations.

MR. MEYERS responded that this is a possibility; it would be at the discretion of the legislature whether there would be an increase in staff or not.

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REPRESENTATIVE ROKEBERG asked if there was any relationship between a license such as this and any kind of Title 4 license for alcoholic beverages. He said, "It seems to me there typically would be a desire on the part of an operator to have some type of a beverage dispensary or ... restaurant-eating place type license to serve; in terms of enforcement, prohibitions of either, or any correlation."

REPRESENTATIVE KOTT replied that right now he doesn't see any correlation. He noted that each operator could apply for a liquor license through the local controls. He stated that because playing poker takes strategy, a lot of the people who play it don't drink much alcohol. "This is not like slot machines or pull tabs," he remarked. He said that a card room may get a liquor license so that people who are waiting to play can buy a drink.

REPRESENTATIVE GUTTENBERG turned to Article 4 on page 17 of the bill, which addresses crimes. He noted that on page 18, line 13, it says that it would be a class C felony to cheats at card games. He inquired as to how the state would deal with this.

[5:51:00 PM](#)

MR. GREEN commented that the phrase "cheats at a card game" is referring to marking the cards or something of that nature. He commented that this should not occur in the card rooms that are being proposed.

REPRESENTATIVE ROKEBERG stated that he is particularly concerned about the Indian gaming ramifications of this bill.

CHAIR ANDERSON said that he will relay these concerns to the House Judiciary Standing Committee.

CHAIR ANDERSON closed public testimony.

REPRESENTATIVE CRAWFORD moved to adopt Amendment 1, as follows (original punctuation provided):

Page 9, Line 15;
Delete, "\$25,000"
Insert, "\$250"

Page 11, Line 1;
Delete, "\$10,000"
Insert, "\$100"

Page 11, Line 3;
Delete, "\$10,000"
Insert, "\$100"

CHAIR ANDERSON objected for discussion purposes.

REPRESENTATIVE CRAWFORD explained that this amendment would change the license fees to approximately what it would be if it were under the charitable gaming statutes.

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REPRESENTATIVE KOTT commented, "I think when you look at the license applications, it's important to recognize that a substantial portion of that license [application fee] is going to go to the department during the investigation of the potential licensee. I can envision, with fingerprinting [and] background checks that the \$25,000 is going to be eaten up substantially." He said that if an applicant is willing to pay the \$25,000 application fee, that person is a legitimate contender.

CHAIR ANDERSON added that the enforcement officer's salary and the other salaries and fees that this would be applied to might be affected adversely [if the application fee were lowered.]

REPRESENTATIVE CRAWFORD stated that he has a second amendment that would address this; the second amendment would provide the state with revenues under the charitable gaming statutes to have on going revenues pay for regulation and enforcement. He said that his main reason for offering these amendments is because he doesn't want the state to become addicted to gambling money. He remarked, "It's going to cause enough of a disruption in enough people's lives as it is without getting the state hooked on this money for our general fund."

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CHAIR ANDERSON maintained his objection.

A roll call vote was taken. Representatives Guttenberg and Crawford voted in favor of Amendment 1. Representatives LeDoux, Kott, Rokeberg, and Anderson voted against it. Representative Lynn was absent for the vote. Therefore, Amendment 1 failed by a vote of 2-4.

REPRESENTATIVE CRAWFORD moved to adopt Amendment 2, labeled 24-LS0916\A.1, Kurtz, 4/21/05, as follows:

Page 9, line 9, following "person":

Insert "that is a charitable organization, a civic organization, or a service organization, as those terms are defined in AS 05.15.690,"

Page 9, lines 19 - 21:

Delete "if the applicant is an individual, two sets of the individual's fingerprints;

(3) if the applicant is not an individual,"

Page 10, line 6, following "information;":

Insert "or"

Page 10, lines 7 - 9:

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

(4) employs an individual described in (1), (2), or (3)"

Insert "employs an individual described in (1) or
(2)"

REPRESENTATIVE CRAWFORD explained that Amendment 2 would put card rooms under the charitable gaming statutes and "takes us away from the for-profit gambling." He commented, "That way there won't be ... the impetus to make this continue to grow." He shared with the committee that his hometown in Louisiana started with only a racetrack and now it has seven large casinos, which he doesn't want to happen in Alaska. He said, "I think this is a bad road to go down because it's a downward spiral and it shrinks the economy rather than grows the economy." He commented that in one town the whole economy is so hooked on gambling that the local residents can't get away from it; "there's no way to extricate themselves from that tar baby."

A roll call vote was taken. Representatives Guttenberg and Crawford voted in favor of Amendment 2. Representatives LeDoux, Kott, Rokeberg, and Anderson voted against it. Representative Lynn was absent for the vote. Therefore, Amendment 2 failed by a vote of 2-4.

[6:00:52 PM](#)

REPRESENTATIVE GUTTENBERG moved to adopt Amendment 3, as follows (original punctuation provided):

Page 12, Line 6;
Following; "with"
Insert; "all of"

REPRESENTATIVE GUTTENBERG stated that he has long been concerned about the effect of gaming on nonprofits. He explained that Amendment 3 would ensure that all of the proceeds of a tournament would go to the designated nonprofit. He said, "If we don't say, 'all of,' I'm not sure where it's going."

CHAIR ANDERSON maintained his objection and stated that there has to be a fee that goes to the person establishing and managing the game.

REPRESENTATIVE GUTTENBERG asked if the committee could get a definition of "proceeds" to see if this is gross or net revenue.

MR. MEYER relayed his understanding that a certain amount of money would be designated at the front end to go to the charity.

CHAIR ANDERSON concluded, "And that's a proceed."

A roll call vote was taken. Representatives Rokeberg, Guttenberg, and Crawford voted in favor of Amendment 3. Representatives LeDoux, Kott, and Anderson voted against it. Representative Lynn was absent for the vote. Therefore, Amendment 3 failed by a vote of 3-3.

REPRESENTATIVE ROKEBERG moved to report HB 272 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CRAWFORD objected.

A roll call vote was taken. Representatives Kott, Anderson, LeDoux, and Rokeberg voted in favor of HB 272, as amended. Representatives Crawford and Guttenberg voted against it. Representative Lynn was absent for the vote. Therefore, HB 272 was reported out of the House Labor and Commerce Standing Committee by a vote of 4-2.

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at [6:04:15 PM](#).