

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

February 1, 2012

3:20 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Craig Johnson, Vice Chair
Representative Mike Chenault
Representative Dan Saddler
Representative Steve Thompson
Representative Lindsey Holmes
Representative Bob Miller

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 245

"An Act establishing a snow classic as an authorized form of charitable gaming."

- MOVED HB 245 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 245

SHORT TITLE: SNOW CLASSIC

SPONSOR(s): REPRESENTATIVE(s) HAWKER

01/17/12	(H)	PREFILE RELEASED 1/6/12
01/17/12	(H)	READ THE FIRST TIME - REFERRALS
01/17/12	(H)	L&C, FIN
02/01/12	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE MIKE HAWKER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented the bill as the sponsor of HB 245.

JULI LUCKY, Staff

Representative Mike Hawker
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 245 on behalf of the bill's sponsor, Representative Mike Hawker.

JEFF PRATHER, Gaming Group Manager
Juneau Office; Tax Division
Department of Revenue (DOR)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 245.

REBECCA REICHLIN, Chair
Four Valleys Community School, Inc. (FVCS)
Girdwood, Alaska

POSITION STATEMENT: Testified in support of HB 245.

SAM DANIEL
Girdwood, Alaska

POSITION STATEMENT: Testified during the discussion of HB 245.

DIANE HIIBNER, Area General Manager
Alyeska Resort
Girdwood, Alaska

POSITION STATEMENT: Testified in support of HB 245.

LYNNE' DORAN, Board member
Four Valleys Community School (FVCS)
Girdwood, Alaska

POSITION STATEMENT: Testified in support of HB 245.

CHRIS VON IMHOF
Girdwood, Alaska

POSITION STATEMENT: Testified during the discussion of HB 245.

ACTION NARRATIVE

[3:20:57 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Johnson, Thompson, Holmes, Miller, Chenault, and Olson were present at the call to order. Representative Saddler arrived as the meeting was in progress.

HB 245-SNOW CLASSIC

[3:21:17 PM](#)

CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 245, "An Act establishing a snow classic as an authorized form of charitable gaming."

[3:21:39 PM](#)

REPRESENTATIVE MIKE HAWKER stated that HB 245 was introduced at the request of members of the community of Girdwood. This bill would allow the Four Valleys Community School (FVCS) to conduct a snow classic to raise funds for their organization. The snow classic would be operated very much like other forms of charitable gaming already allowed in statute, such as the Nenana Ice Classic. The snow classic contestants would buy a ticket and write a guess of the depth of snow accumulated by a specific date and time on Mount Alyeska. Four Valleys Community School, Inc., a nonprofit organization, has identified the snow classic as a means to fund its operation. He stated that the FVCS is a pretty amazing organization that offers more than 250 year-round classes and sponsors community events. He characterized the FVCS as a central feature in this small community of Girdwood.

REPRESENTATIVE HAWKER pointed out that a lengthy description of FVCS is in members' packets. He explained that FVCS really came into its own when the Anchorage School District eliminated community school funding; however, the FVCS has faced challenges to raise funds, which it has done through volunteer efforts and programs. He reiterated the cohesiveness this organization brings to the Girdwood community. This bill would allow FVCS an opportunity to raise money by conducting a snow classic. He said, "It's a simple policy call for us. Do we as legislators wish to expand our charitable gaming statutes to allow this organization to conduct a snow classic on Mount Alyeska in Girdwood?"

[3:24:20 PM](#)

REPRESENTATIVE SADDLER related that he reviewed the bill packet and discovered a snow machine classic is already in statute. He inquired as to the difference between the two charitable gaming activities.

REPRESENTATIVE HAWKER described the statutory process for charitable gaming. The charitable gaming statutes authorize a specific activity by a specific organization. In this instance,

the FVCS would ask for authority to conduct a snow classic. He surmised that a snow machine classic would involve snow machines, whereas the snow classic involves guessing when the snow falls. He summarized that each activity of charitable gaming is a separate policy call by the legislature.

REPRESENTATIVE SADDLER asked whether the design of the snow classic would be left up to the FVCS and if a person would buy a ticket for a guess as to the snow depth on a particular day or place bets, such as \$100 for 100 inches of snowfall.

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JULI LUCKY, Staff, Representative Mike Hawker, noted the FVCS's board members are participating by teleconference are available to provide more detail. She referred to the information contained in members' packets for an explanation of how the snow classic would be conducted. She summarized the snow classic process, noting the FVCS would select a date, time, and place where the snow will be measured. The tickets would be for one guess on how deep the snow will be for the selected date, time, and place. She related her understanding that the only guess is for the depth of snow.

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REPRESENTATIVE CHENAULT referred to the fiscal note. He highlighted the department's analysis that a snow classic would generate minimal revenue under \$1,000. He asked whether that was an estimate.

REPRESENTATIVE HAWKER answered that if the snow classic were sufficiently marketed to attract public interest substantial funds for the FVCS could be raised; however, if the FVCS fails in their marketing development of the program little money might be raised. He recapped that the revenue raised will depend on how well the FVCS's administration develops its marketing program.

REPRESENTATIVE CHENAULT said he was unsure of the permit costs, and whether any other costs are associated with the permit.

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JEFF PRATHER, Gaming Group Manager, Juneau Office, Tax Division, Department of Revenue (DOR), introduced himself.

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REPRESENTATIVE CHENAULT asked for clarification on the permitting cost to the organization.

MR. PRATHER answered that the cost of the permit ranges between \$20 and \$100, depending on the prior year's gross income. He stated that if this organization had a raffle permit last year there would be no additional cost to add this event to their activities.

REPRESENTATIVE CHENAULT asked for clarification as to whether the permit costs are based on revenues received.

MR. PRATHER answered that the permit costs are based on revenues received in the prior year.

REPRESENTATIVE CHENAULT related a scenario in which the organization had earned \$1,000, which would result in little revenue; however, the next year the organization might earn \$100,000. He inquired as to the amount the state would receive.

MR. PRATHER explained that the fee for gaming on \$100,000 gross would be \$1,000 or 1 percent of the gross.

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REPRESENTATIVE CHENAULT offered that he likes these types of raffles. He thinks these are good ways for communities to raise funds for a good purpose. He expressed concern about the zero fiscal note for the bill. He acknowledged that the cost was small, but cautioned that fiscal impacts of \$500 or less can add up to real money. He suggested that this is not the sponsor's fault nor did he blame the department; however, he characterized this as a pet peeve of his. He stated that perhaps one solution would be for the finance committees to decide that all fiscal impacts of less than \$500 do not require a fiscal note and those over \$500 would require a fiscal note.

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CHAIR OLSON stated his intent to move the bill, with the caveat that the committee would request another fiscal note. He offered that this bill has a further referral to the House Finance Standing Committee.

REPRESENTATIVE CHENAULT stated that he did not have any objection to do so.

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REPRESENTATIVE JOHNSON asked for clarification on how other community organizations, such as ones in Fairbanks, could conduct a snow classic. He asked whether they would need to come back to the legislature with a separate bill in order to do so. He related his understanding that this bill does not open the door to anyone who wants to measure snow and give away prizes.

MR. PRATHER agreed. He indicated that usually classic are limited to one organization, but up to five or six permittees. He named some classics that are open to anyone, including the rain classic, the crane classic, and the snow machine classic. He stated that the rest are all restricted to one or a very few permittees.

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REPRESENTATIVE JOHNSON inquired as to whether this would essentially be issuing a copyright to FVCS, and that someone else in the state who wanted to hold a snow classic could not do so.

MR. PRATHER answered that the Department of Revenue (DOR) would not issue a permit for a snow classic to any other organization except to the FVCS.

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REPRESENTATIVE JOHNSON recalled the "Fur Rondy" used to have some type of snow classic such as a Fur Rondy Snow Classic. He asked whether that would be acceptable and if the Fur Rondy would be excluded forever from holding a snow classic.

[3:35:05 PM](#)

MR. PRATHER offered that anyone can conduct a snow machine classic.

REPRESENTATIVE JOHNSON asked whether the Juneau Chamber of Commerce could conduct a snow classic.

MR. PRATHER said the snow classic is not listed in statute as a gaming type. In further response, he added that if HB 245 were to pass, it would limit the snow classic to the FVCS who would benefit from the permit. No other organization would be allowed to issue snow classics unless the legislature authorized the snow classic for them.

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REPRESENTATIVE JOHNSON identified this type of activity as charitable gaming activity. He asked whether a group in Fairbanks, such as Fairbanks senior citizens, who meet all the other criteria, could have a bill introduced that uses the term "snow classic." He reiterated his concern as to whether this bill would grant someone a name that no one else could use. He suggested his question is essentially a legal question.

MR. PRATHER agreed that the question is a legal question; however, he offered his belief that the DOR, as a regulator issuing permits, would not issue a snow classic permit to another organization since the snow classic belongs to the FVCS. In response to a question, he agreed that the name of the snow classic could be changed to Girdwood Snow Classic or some other name.

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REPRESENTATIVE JOHNSON suggested that he did not want to drag this out and supports this 100 percent. He related his understanding that the bill would grant the exclusive name of "snow classic" to one organization and no other organization could use the name "snow classic" in their title. He also suggested that if that is the case it is a little bit problematic and it might be necessary to change the title. He reiterated his concern was to grant to one group sole use of the term "snow classic." He acknowledged that the Iditarod and the Iron Dog are copyrighted; however, people can still use the term "dog race." He asked to verify that no one else could use a title that used the term "snow classic." It may not be a problem, but if so, the matter could be easily corrected.

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REPRESENTATIVE THOMPSON referred to page 2, lines 16-20 of HB 245, which grants "snow classic" exclusively to the Alyeska Snow Classic, which is operated and administered by Four Valleys Community School, Inc. He said he was aware of other

organizations with interest in guessing games. He highlighted that any other organization would need to be listed after Alyeska Snow Classic in the bill. He offered his belief that "snow classic" could also be used in the new organization's title.

REPRESENTATIVE JOHNSON agreed, but he admitted he was somewhat confused.

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The committee took an at-ease from 3:40 p.m. to 3:43 p.m.

[3:43:23 PM](#)

REPRESENTATIVE SADDLER referred to Section 4, and offered that that the way the bill is written it specifically says that "snow classic" is only at Mount Alyeska for FVCS. He inquired if anyone else could offer a "snow classic" if HB 245 were to pass the legislature.

MR. PRATHER answered that the department would not issue a "snow classic" permit to anyone else since "snow classic" is defined in this bill and it applies to the FVCS.

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REPRESENTATIVE SADDLER asked the sponsor if he would insist on this actively being called the snow classic or whether changing the name to the Alyeska Snow Classic would satisfy any confusion.

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REPRESENTATIVE HAWKER said he has listened to the questions. He related that this bill was specifically crafted to only allow one instance of a "snow classic." He referred to page 2, lines 15-20 to Section 4 of HB 245, which read, "snow classic" means a game of chance in which a prize of money is awarded to the closest guess of the total snow accumulation on the ground at a specific location on Mount Alyeska..." This bill would authorize one authority for one activity involving guessing the snow accumulation on a specific date and time and is limited. He read, "...is limited to the Alyeska Snow Classic operated and administrated by the Four Valleys Community School, Inc." He offered his belief that the state is protected by not creating a franchise and by identifying very clearly that this bill

pertains to: one event, one activity, one location - the snow on Mount Alyeska - one name - the Alyeska Snow Classic and one operator - the Four Valleys Community School, Inc. He added that the state is also protected by the corporations' laws to prevent someone to attempt to "game" our system by calling themselves the Four Valleys Community School, Inc., and operating a snow classic on Mount Alyeska in Girdwood, since it prohibits incorporating an entity under the same corporate name. He related that generic language is added in Sections 1 through 3, by adding charitable gaming activities known as a snow classic; however, Section 4 adds the definition of snow classic. He summarized that Section 4 of the bill delineates the activity to one event, one activity, one location, and one operator - the FVCS.

REPRESENTATIVE HAWKER emphasized that this bill does not authorize a franchise.

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REPRESENTATIVE JOHNSON related a scenario in which the Fairbanks Community Center wanted to offer a snow classic. He referred to page 2, lines 16-20, and related that before the Fairbanks Community Center could offer a snow classic, the bill would need to be amended to add their organization to the list of organizations offering a snow classic. He stated that he did not want to guarantee the snow classic to one organization forever. He related his understanding that it would address his concern if Section 4 was amended to add another organization, such as the Fairbanks Community Center.

REPRESENTATIVE HAWKER agreed it would address the concern just outlined. He said the legislature has the authority to do so and it would be possible to broaden the definition. He said the bill could be defined to simply state that a snow classic is a game of chance where prize monies are awarded for guessing the snowfall anywhere in the state.

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REPRESENTATIVE JOHNSON related that with that explanation he was comfortable with the bill.

[3:50:39 PM](#)

REBECCA REICHLIN, Chair, Four Valleys Community School, Inc. (FVCS) stated that the FVCS's board fully supports the Alyeska

Snow Classic. Since 1981, FVCS has been the primary source of educational, recreational, and cultural opportunities for the community. The community has had a long and stable history of providing quality programs for the Girdwood community. She has lived in Girdwood for 34 years and has been involved with the community schools for 23 years as a volunteer instructor, coordinator, and board member. The community school program provides year-round programming. The FVCS has been a model to the state in terms of the opportunities it provides for its youth to be physically active and to recreate year round. Additionally, the FVCS also provides lots of programs for adults, up to 250 classes a year. Since 1984, the community school program has administered public funds for programs the community has deemed important. These funds have provided direct services to the community. The FVCS has worked to create partnerships and collaboration with local businesses and nonprofit organizations, and donors in order to provide a full spectrum of services.

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MS. REICHLIN gave a brief history of the FVCS's gaming activities. Since 1990, the FVCS has held a permit and has conducted activities, such as the Gold Rush event, bingo, pull tabs, and raffles. The FVCS's experience in gaming has given personnel an understanding of the gaming regulations and the reporting requirements. This bill would allow FVCS to control its own destiny. All of the projects in this small community of 2,000 solicit community support, and everyone donates, raises funds, and draws from a small pool of people and businesses in the community. The snow classic would allow the FVCS to raise funds to support the FVCS's mission. It would also use other resources beyond the community to provide other valley services and help eliminate the dependence on property tax dollars from Girdwood Board of Supervisors' grant. Further, it would help the FVCS to meet its goal of self-sufficiency. This bill expands on existing statutes for gaming. She urged members to support HB 245, which will create the charitable gaming event called the Alyeska Snow Classic.

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SAM DANIEL thanked the committee for the opportunity to speak in support of HB 245. He said he and his wife have raised three children in the Girdwood community. He said he is known as the local historian, and also served as the community school's coordinator from 1987 to 1994. He also has observed the process

throughout this time. The FVCS has not only survived and evolved, but the community school has learned to survive on its own.

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MR. DANIEL recapped a brief history of the community school program. The community school program began in Girdwood in 1981 as part of the Municipality of Anchorage's Parks and Recreation program. It was initially housed in the old Anchorage downtown city gymnasium. In 1986, when funding disappeared, the community school program moved to the Anchorage School District. In 1988, when funding for the district was cut, the community school program formed its own nonprofit corporation. The FVCS has been supported through a series of local fundraising efforts, combined with support from the old Girdwood Road Service Area's budget. He described the FVCS organization as "the last man standing." He acknowledged a few community school programs exist throughout the state; however, he characterized the FVCS as the centerpiece of the community of Girdwood. The FVCS helps to create a sense of community and is the glue that binds it together. The FVCS enables other nonprofit organizations to work closely together. He listed events such as parents watching kids play soccer and people attending community events, which has led - in his family - to his daughter competing in competitive volleyball at the YMCA level. He attributed his daughter's success to the community school program class she took in Girdwood. He added that he is also a local realtor, and he has found that prospective buyers are attracted to the year-round resort atmosphere of Mount Alyeska, and the year-round community services available to residents. He urged members to support HB 245. He offered his belief that this bill will provide needed funding so volunteers can focus on providing services.

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REPRESENTATIVE SADDLER asked whether the residents have ever had an informal snow classic.

MR. DANIEL answered no. He recalled that Girdwood did have a Monte Carlo night called Gold Rush.

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DIANE HIIBNER, Area General Manager, Alyeska Resort, related that Girdwood has held a similar event - not a classic - but an

event in which people would guess the first inch of snowfall. She offered her belief that nonprofits did not benefit from this informal event. She described the guessing event as one in which people would "chip into the pot." She thanked the committee for hearing HB 245. She said she was speaking on behalf of herself and the Alyeska Resort, in offering full support for HB 245 and the Alyeska Snow Classic. The resort has been involved in the concept of the snow classic from the beginning. The Alyeska Resort supports the snow class as a great idea and one that will benefit the community of Girdwood and FVCS by allowing the community to raise money for the nonprofit. She urged members to support the bill.

[4:01:53 PM](#)

LYNNE' DORAN, Board member, Four Valleys Community School (FVCS), stated that the concept for the snow classic in HB 245 mimics the format of the Nenana Ice Classic. She described how the snow classic would work, that a separate measuring device would be installed, one separate from measuring devices of Alyeska Resort. The FVCS would sell tickets to people who would guess the accumulated snowfall on a specific date and time and ticket sales would cease 30 days prior to reading the amount of the accumulated snowfall. At the time of the measuring, the FVCS would make a public announcement of the total accumulated snowfall. At a later date, the FVCS would announce the winner or winners and the amount of money raised by the event. The winnings would be split with the FVCS after administrative costs were deducted. She supported prior testimony that indicated the benefits will help support the FVCS and also reduce the necessity to rely on municipal funds to support the FVCS's program.

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CHRIS VON IMHOF stated that he was the former General Manager of the Alyeska Resort for many years. He said he is still active in the Girdwood community and serves in a number of organizations. He stated that he has lived in Girdwood for over 40 years. He offered his belief that the FVCS is the absolutely best community school in terms of the courses offered. He asked for the committee's support for HB 245, which he emphasized as being for a good cause. He urged members to support and pass out the bill.

[4:04:06 PM](#)

CHAIR OLSON, after first determining no one else wished to testify, closed public testimony on HB 245.

[4:04:11 PM](#)

REPRESENTATIVE JOHNSON thanked the members of the FVCS. He offered his belief that the truly great legislation comes from the grass roots.

REPRESENTATIVE JOHNSON moved to report HB 245 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 245 was reported from the House Labor and Commerce Standing Committee.

[4:04:56 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:04 p.m.