

HOUSE BILL NO. 103

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES SULLIVAN-LEONARD, Rasmussen

Introduced: 3/20/19

Referred: Labor and Commerce, Judiciary, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the State Gaming Commission; relating to the Alcoholic Beverage**
2 **Control Board; relating to the regulation of card rooms and card games; relating to**
3 **criminal history record checks; and relating to the regulation of alcoholic beverages."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. This Act is intended to benefit the people of the state by
8 promoting tourism and assisting economic development. Comprehensive supervision by law
9 enforcement and strict regulation of card rooms and card operations under this Act is intended
10 to maintain the confidence and trust of the public.

11 * **Sec. 2.** AS 04.11.370(c) is amended to read:

12 (c) If the board receives notice from the Department of Revenue that a
13 licensee or permittee has violated a provision of AS 05.15 related to gambling **or from**
14 **the State Gaming Commission that a licensee or permittee has violated a**

1 **provision of AS 05.18 related to card games**, the board

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

3 (2) shall suspend the license or permit for a period of at least 30 days if
4 the offense is the person's second or subsequent violation of AS 05.15 related to
5 gambling **or AS 05.18 related to card games**.

6 * **Sec. 3.** AS 05 is amended by adding a new chapter to read:

7 **Chapter 18. State Gaming Commission; Card Rooms.**

8 **Sec. 05.18.010. State Gaming Commission established; membership.** (a)

9 The State Gaming Commission is established in the Department of Revenue.

10 (b) The commission consists of three members as follows:

11 (1) the lieutenant governor who shall serve as the chair of the
12 commission; and

13 (2) two members who are appointed by the governor and subject to
14 confirmation by the legislature in joint session.

15 **Sec. 05.18.020. Duties and powers of the commission.** (a) The commission

16 shall

17 (1) exercise jurisdiction and supervision, consistent with this chapter,
18 over

19 (A) licensed card operations in the state; and

20 (B) persons in a card room where card operations are
21 conducted;

22 (2) determine the eligibility of an applicant for a license;

23 (3) select from among competing applicants the applicants that
24 promote the most economic development and that best serve the interests of the
25 citizens of the state;

26 (4) take appropriate administrative enforcement or disciplinary action
27 against a licensee under this chapter for a violation under this chapter;

28 (5) investigate an alleged violation of this chapter and require a
29 licensee to reimburse the commission for the costs of the investigation;

30 (6) establish fees for the review and investigation of an application for
31 a license under this chapter;

1 (7) prescribe a form to be used by a licensee as an application for
2 employment by potential employees of the card room;

3 (8) require a licensee to maintain records, including financial
4 statements, in the manner prescribed by the commission;

5 (9) adopt regulations under AS 44.62 (Administrative Procedure Act)
6 necessary to carry out the provisions of this chapter; the regulations must include

7 (A) the methods for conducting card games that may be played
8 in card rooms;

9 (B) specifications relating to the form and amount of charges a
10 card room may impose on a player for playing a card game in the card room;

11 (C) standards and procedures for the issuance, renewal, and
12 revocation of licenses;

13 (D) other matters the commission considers necessary to carry
14 out the purposes of this chapter and to protect the public interest.

15 (b) The commission may

16 (1) conduct hearings under this chapter;

17 (2) issue a subpoena to compel the attendance of a witness or a
18 subpoena duces tecum for the production of books, records, and other relevant
19 documents necessary for an investigation under this chapter;

20 (3) administer an oath or affirmation to a witness;

21 (4) revoke, suspend, or renew a license issued under this chapter;

22 (5) hire employees to gather information, conduct investigations, and
23 carry out other tasks under this chapter;

24 (6) take appropriate actions to enforce this chapter, including the
25 issuance of a notice of violation of this chapter or a regulation of the commission, an
26 order to cease and desist, or a closure order.

27 **Sec. 05.18.030. Card room license.** (a) The commission may issue a license to
28 operate a card room and conduct card games, including poker, blackjack, pai gow,
29 super pan 9, and other card games approved by the commission in regulation, to a
30 person who

31 (1) submits an application on a form approved by the commission;

1 (2) pays the license fee required under (c) of this section;

2 (3) meets the qualifications required for licensure under this section;

3 and

4 (4) has been fingerprinted and has provided the fees required by the
5 Department of Public Safety under AS 12.62.160 for criminal justice information and
6 a national criminal history record check; the fingerprints and fees shall be forwarded
7 to the Department of Public Safety to obtain a report of criminal justice information
8 under AS 12.62 and a national criminal history record check under AS 12.62.400.

9 (b) An applicant for a license under this chapter shall provide to the
10 commission

11 (1) the name, business address, and business telephone number of the
12 applicant;

13 (2) if the applicant is an individual, an identification card of the
14 applicant;

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

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

18 (B) the names and addresses of all corporate officers.

19 (c) An applicant for a license under this section shall pay a \$100,000 license
20 fee to be submitted with the application. The commission shall refund \$50,000 of the
21 license fee if the application is denied.

22 (d) A licensee under this section may not allow dice or electronic games in a
23 card room or extend credit to a player in the card room.

24 (e) The commission may approve the issuance and renewal of only one license
25 under this section in each borough.

26 (f) A licensee under this section shall post on the licensed premises a sign
27 providing information on gambling disorders and telephone numbers for resources and
28 entities providing assistance for gambling disorders. The license holder shall display
29 the sign in a manner and place conspicuous to a person gambling on the licensed
30 premises.

31 (g) A card room may operate 24 hours a day, seven days a week, 365 days a

1 year.

2 **Sec. 05.18.040. Factors considered in granting a license.** The commission
3 shall consider each proposal for a license and grant the license to the most competitive
4 applicant. In determining whether to grant a license to an applicant, the commission
5 shall consider

- 6 (1) the applicant's gaming experience, management, and ownership;
- 7 (2) the applicant's financial fitness and capability;
- 8 (3) the proposed facility, investment, and amenities; and
- 9 (4) any other relevant factors.

10 **Sec. 05.18.050. Tournaments.** A licensee shall host a card tournament at least
11 once each calendar quarter, with the proceeds of the tournament to be distributed to a
12 nonprofit educational institution or group designated by the licensee. An application
13 for issuance or renewal of a license issued under this chapter must include proposed
14 dates for the tournaments and specify the nonprofit educational institution or group
15 designated to benefit from each tournament. The licensee shall notify the commission
16 of any change in the date or beneficiary of a tournament. A nonprofit educational
17 institution or group may be the designated beneficiary of only one tournament under
18 this section each year.

19 **Sec. 05.18.060. Transfer of licenses; rules of procedure; prohibitions.** (a)
20 The holder of a license under this chapter or another person shall apply for and must
21 receive the commission's approval before the holder's license is transferred, sold, or
22 purchased or a voting trust agreement or other similar agreement is established with
23 respect to the license. The holder of a license under this chapter or another person may
24 not lease, hypothecate, or borrow or loan money against the holder's license.

25 (b) The commission shall adopt regulations governing the procedure for an
26 action under (a) of this section. The regulations must specify that a person who obtains
27 an ownership interest in a license must meet the criteria of this chapter and regulations
28 adopted by the commission. The holder of a license under this chapter may transfer the
29 holder's license only in accordance with this chapter and regulations adopted by the
30 commission.

31 **Sec. 05.18.070. Gross receipts tax.** A tax is imposed on the gross receipts

1 received from card games authorized under this chapter at the rate of 9.5 percent of the
2 amount of the gross receipts.

3 **Sec. 05.18.080. Persons under 21 years of age.** (a) A person who is under 21
4 years of age may not be present in a card room.

5 (b) A person who is under 21 years of age may not make a wager under this
6 chapter.

7 **Sec. 05.18.090. Violations of chapter; fraudulent acts.** If a licensee or an
8 employee of a licensee violates this chapter or engages in a fraudulent act, the
9 commission may

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

11 (2) require the removal of a licensee or an employee of a licensee from
12 the card room;

13 (3) impose for each violation of this chapter by a licensee a penalty of
14 not more than the greater of \$10,000 or an amount equal to the licensee's daily gross
15 receipts for each day of the violation.

16 **Sec. 05.18.100. Notice to the alcoholic beverage control board.** If, after
17 notice and hearing, the commission determines that a person has violated a provision
18 of this chapter related to card games and the person is a licensee or permittee under
19 AS 04, the commission shall provide notice of the violation to the Alcoholic Beverage
20 Control Board.

21 **Sec. 05.18.110. Crimes.** A person commits a class A misdemeanor if the
22 person knowingly

23 (1) makes a false statement on an application submitted under this
24 chapter;

25 (2) operates a card operation in which wagering is conducted or is to
26 be conducted in a manner other than the manner required under this chapter;

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

28 (4) aids, induces, or causes a person under 21 years of age to enter or
29 attempt to enter the card room;

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

1 (6) enters or attempts to enter a card room if the person is under 21
2 years of age.

3 **Sec. 05.18.200. Definitions.** In this chapter,

4 (1) "card game" means a banked or nonbanked game using playing
5 cards as the primary device to play the game;

6 (2) "card room" means a structure or part of a structure in which a card
7 game authorized under this chapter is conducted by a person licensed under this
8 chapter;

9 (3) "commission" means the State Gaming Commission;

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

12 (5) "licensee" means the holder of a license issued under this chapter.

13 * **Sec. 4.** AS 11.66.280(3) is amended to read:

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

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

24 (B) playing an amusement device that

25 (i) confers only an immediate right of replay not
26 exchangeable for something of value other than the privilege of
27 immediate replay and does not contain a method or device by which the
28 privilege of immediate replay may be cancelled or revoked;

29 (ii) confers only tickets, credits, allowances, tokens, or
30 anything of value that can be redeemed for toys, candy, or electronic
31 novelties offered at the same facility where the amusement device is

1 located; or

2 (iii) allows a player to manipulate a claw machine or
3 similar device within an enclosure and enables a person to receive
4 merchandise directly from the machine;

5 (C) an activity authorized by the Department of Revenue under
6 AS 05.15 or the State Gaming Commission under AS 05.18; or

7 (D) the permanent fund dividend raffle authorized under
8 AS 43.23.230;

9 * **Sec. 5.** AS 12.62.400(a) is amended by adding a new paragraph to read:

10 (21) licensure to operate a card room and conduct card games under
11 AS 05.18.020.

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

13 (65) State Gaming Commission (AS 05.18).

14 * **Sec. 7.** AS 44.64.030(a)(2) is amended to read:

15 (2) AS 05.15 and AS 05.18 (charitable gaming; card rooms);

16 * **Sec. 8.** AS 04.16.175 and 04.16.220(a)(5) are repealed.