

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 17, 2020

3:43 p.m.

MEMBERS PRESENT

Senator Joshua Revak, Chair
Senator David Wilson
Senator Scott Kawasaki

MEMBERS ABSENT

Senator John Coghill, Vice Chair
Senator Mia Costello

COMMITTEE CALENDAR

SENATE BILL NO. 88

"An Act relating to the office of administrative hearings; relating to the types of proceedings handled by the office of administrative hearings; relating to the entities that may use the services of the office of administrative hearings; relating to the duties of the chief administrative law judge, including the power to hire professional staff; relating to the qualifications and powers of administrative law judges, including subpoena power; relating to the compensation of the chief administrative law judge; relating to complaints against administrative law judges and hearing officers; relating to reimbursement for costs incurred by the office of administrative hearings; relating to procedures for requesting and conducting proceedings of the office of administrative hearings; and providing for an effective date."

- MOVED CSSB 88(STA) OUT OF COMMITTEE

CONFIRMATION HEARING(S)

Personnel Board

Craig Johnson - Anchorage

- CONFIRMATION ADVANCED

Alaska Public Offices Commission

Hardy (Van) Lawrence - Fairbanks

Daniel LaSota - Fairbanks

- CONFIRMATIONS ADVANCED

SENATE JOINT RESOLUTION NO. 14

Proposing an amendment to the Constitution of the State of Alaska relating to actions upon veto.

- MOVED SJR 14 OUT OF COMMITTEE

SENATE BILL NO. 188

"An Act establishing the Alaska Lottery Corporation; relating to the powers, duties, and laws applicable to the Alaska Lottery Corporation; establishing a lottery profits fund as an account of the general fund; establishing the crime of unlawful sale of a lottery ticket; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 83 (STA) AM (EFD DEL)

"An Act relating to voting by electronic transmission in a state election."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 88

SHORT TITLE: OFFICE OF ADMINISTRATIVE HEARINGS

SPONSOR(S): MICCICHE

03/13/19	(S)	READ THE FIRST TIME - REFERRALS
03/13/19	(S)	STA, FIN
03/10/20	(S)	STA AT 3:30 PM BUTROVICH 205
03/10/20	(S)	Heard & Held
03/10/20	(S)	MINUTE(STA)
03/17/20	(S)	STA AT 3:30 PM BUTROVICH 205

BILL: SJR 14

SHORT TITLE: CONST. AM: VOTES NEEDED FOR VETO OVERRIDE

SPONSOR(S): JUDICIARY

01/24/20	(S)	READ THE FIRST TIME - REFERRALS
01/24/20	(S)	STA, JUD, FIN
02/25/20	(S)	STA AT 3:30 PM BUTROVICH 205
02/25/20	(S)	Heard & Held
02/25/20	(S)	MINUTE(STA)

03/12/20 (S) STA AT 3:30 PM BUTROVICH 205
03/12/20 (S) Heard & Held
03/12/20 (S) MINUTE (STA)
03/17/20 (S) STA AT 3:30 PM BUTROVICH 205

BILL: SB 188

SHORT TITLE: LOTTERY: PUB. CORP; FUND; UNLAWFUL SALE
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/12/20 (S) READ THE FIRST TIME - REFERRALS
02/12/20 (S) STA, FIN
03/17/20 (S) STA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

BETTY TANGEMAN, Staff
Senator Josh Revak
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the changes in the committee substitute (CS) for SB 88, version S.

SENATOR PETER MICCICHE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 88.

CRAIG JOHNSON, Appointee
Personnel Board
Department of Administration
Anchorage, Alaska

POSITION STATEMENT: Testified as appointee to the Personnel Board.

DAN LASOTA, Appointee
Alaska Public Offices Commission (APOC)
Department of Administration
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Public Offices Commission.

HARDY (VAN) LAWRENCE, Appointee
Alaska Public Offices Commission
Department of Administration
Fairbanks, Alaska

POSITION STATEMENT: Testified as appointee to the Alaska Public Offices Commission.

GREGORY SAMORAJSKI, Senior Development Executive
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint on SB 188.

BISHOP WOOSLEY, Director
Arkansas Lottery; President
North American Association of State & Provincial Lotteries
Little Rock, Arkansas

POSITION STATEMENT: Testified in support of SB 188.

DAVID BARTON, Director
New Mexico Lottery
Albuquerque, New Mexico

POSITION STATEMENT: Provided information on the New Mexico Lottery system during the hearing on SB 188.

KEVIN COCHRAN, Government Affairs Manager
Draft Kings, Inc.
Boston, Massachusetts

POSITION STATEMENT: Testified in support of SB 188.

KEVIN MCKINLEY, Member
Alaska Shriners; Member
Alaska Charitable Gaming Association
Fairbanks, Alaska

POSITION STATEMENT: Raised questions with SB 188.

SANDY POWERS, President
Alaska Charitable Gaming Alliance
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to SB 188.

DAVID LAMBERT, Owner
Tab Wizard of Alaska
Fairbanks, Alaska

POSITION STATEMENT: Raised questions with SB 188.

LES BURNAL, National Director
Stop Predatory Gambling
Washington, D.C.

POSITION STATEMENT: Testified in opposition to SB 188.

MAC MEINERS, Owner
Rippie World
Anchorage, Alaska

POSITION STATEMENT: Raised concerns about SB 188.

ACTION NARRATIVE

[3:43:46 PM](#)

CHAIR JOSHUA REVAK called the Senate State Affairs Standing Committee meeting to order at 3:43 p.m. Present at the call to order were Senators Coghill, Wilson, and Chair Revak.

SB 88-OFFICE OF ADMINISTRATIVE HEARINGS

[3:44:47 PM](#)

CHAIR REVAK announced the consideration of SENATE BILL NO. 88, "An Act relating to the office of administrative hearings; relating to the types of proceedings handled by the office of administrative hearings; relating to the entities that may use the services of the office of administrative hearings; relating to the duties of the chief administrative law judge, including the power to hire professional staff; relating to the qualifications and powers of administrative law judges, including subpoena power; relating to the compensation of the chief administrative law judge; relating to complaints against administrative law judges and hearing officers; relating to reimbursement for costs incurred by the office of administrative hearings; relating to procedures for requesting and conducting proceedings of the office of administrative hearings; and providing for an effective date."

He said this is the second hearing on the bill and public testimony was heard on March 10, 2020. He noted that there was a committee substitute (CS) and solicited a motion.

[3:45:06 PM](#)

SENATOR COGHILL moved to adopt the committee substitute (CS) for SB 88, work draft 31-LS0284\S, as the working document.

CHAIR REVAK objected for discussion purposes.

[3:45:36 PM](#)

BETTY TANGEMAN, Staff, Senator Josh Revak, Alaska State Legislature, Juneau, Alaska, on behalf of the committee, explained the changes in the committee substitute (CS), version S. She said the Office of Administrative Hearings (OAH) requested a drafting error be fixed. On page 8, line 18 the time limit for the final decision maker to issue a proposed decision would change from 45 to 20 days. This would be limited to boards

and commissions. OAH explained that because boards and commissions must act in a public meeting and must provide advance public notice to take up a proposed decision, the 20-day timeframe is sufficient. The requirement for public notice ensures that the board or commission will have ample time to review the case before acting. She noted that the bill was initially introduced in 2019, so it was necessary to update the effective date in Section 22 to July 1, 2021.

[3:47:01 PM](#)

CHAIR REVAK removed his objection and version S was adopted.

He said the sponsor provided a response to the question Senator Kawasaki raised at the last meeting and copies are in the packets.

[3:48:12 PM](#)

SENATOR PETER MICCICHE, Alaska State Legislature, Juneau, Alaska, sponsor of SB 88, said this bill will streamline the process for hearing administrative appeals and update the 16-year-old statutes. He offered his view that the bill will allow timely, cost effective, and high-quality adjudication services.

CHAIR REVAK asked for the will of the committee.

[3:48:54 PM](#)

SENATOR COGHILL moved to report the committee substitute (CS) for SB 88, version S, from committee with individual recommendations and attached fiscal note.

There being no objection, CSSB 88(STA) was reported from the Senate State Affairs Standing Committee.

[3:49:21 PM](#)

At ease

CONFIRMATION HEARING(S)
Personnel Board
Alaska Public Offices Commission

[3:50:46 PM](#)

CHAIR REVAK announced the consideration of governor appointees. He asked Mr. Craig Johnson, appointee, Personnel Board, to come forward.

[3:51:05 PM](#)

CRAIG JOHNSON, Appointee, Personnel Board, Department of Administration, Anchorage, Alaska, stated that he was appointed to the Personnel Board last year and has served for one year in this capacity. This is a reappointment. He previously served for ten years as a legislator. During that time, he served on the Ethics Committee, so he understands administrative ethics. His prior service gives him the ability to interpret statutes and regulations, he said. The Personnel Board is responsible for establishing the status of employees in terms of classifications, monitoring disclosure reports, and serving as the ethics committee in the event of an administrative ethics complaint. The board has met twice, primarily to ensure that other boards and commissions submit timely reports. He said he enjoys the work and appreciates the opportunity to continue his public service.

[3:52:42 PM](#)

SENATOR COGHILL asked what issues rise to the surface for the Personnel Board.

MR. JOHNSON answered the board works to ensure that members of other boards and commissions meet their statutory requirements to file their conflict of interest statements. There are several cases pending, which he cannot discuss, but primarily the board tracks activities to ensure that the statutory guidelines are followed.

SENATOR COGHILL thanked him for being willing to serve.

[3:54:06 PM](#)

CHAIR REVAK thanked him for being willing to serve.

He asked Mr. LaSota, appointee, Alaska Public Offices Commission, to tell the committee about his interest in serving on the Alaska Public Offices Commission.

[3:54:50 PM](#)

DAN LASOTA, Appointee, Alaska Public Offices Commission (APOC), Department of Administration, Fairbanks, Alaska, said Governor Dunleavy appointed him to serve on APOC. He related that he came to Alaska in 1987 as a graduate student. He served on the Fairbanks North Star Borough Assembly five years later. He said his interest in serving is rooted in the idea that the public needs good representation. He was initially interested in local education, library, and recycling issues, but he found himself drawn to advocate in many areas. He opined that the most important work of local government is for their members to be

open to listen to diverse viewpoints on a range of issues. He has direct experience as a campaign manager and candidate, so he is familiar with APOC reporting for municipal campaigns. He said he is a Democrat, and is proud of that, but he is proud of being an Alaskan first. He said he hopes people will view him as someone who pays attention to details, is well briefed on issues, including the statutory requirements, and who is fair. He stated his goal is to maintain openness and transparency of elections, commissions, and government. He offered his view that Alaskans can reach goals for the common good by listening to one another and by separating themselves from divisive issues. He looks forward to serving, if confirmed.

[3:57:35 PM](#)

SENATOR COGHILL expressed gratitude for his willingness to serve in this important task.

CHAIR REVAK echoed the previous statement.

He asked Mr. Van Lawrence to tell the committee about his qualifications to serve on the Alaska Public Offices Commission.

[3:59:07 PM](#)

HARDY (VAN) LAWRENCE, Appointee, Alaska Public Offices Commission, Department of Administration, Fairbanks, Alaska, said he was raised in Texas and received his undergraduate degree from the School of Foreign Service at Georgetown University and a law degree from the College of William and Mary. He moved to Alaska in 1978 and has owned a solo law practice for 40 years. He also served on the Fairbanks North Star Borough Assembly for two terms. He was appointed to this seat last June and has participated in three regular meetings. His qualifications include his legal education and experience that help him to understand statutes, evaluate evidence, and adjudicate disputes. He has run for elective office four times, including running for the legislature, so he understands how campaigns work and how money is raised.

[4:00:50 PM](#)

SENATOR KAWASAKI joined the committee.

SENATOR COGHILL thanked him for his willingness to serve.

MR. LAWRENCE said it is an honor to do so. He offered his view that fair elections are crucial for a healthy democracy and APOC's work is important in that equation.

CHAIR REVAK asked if there was any concern or specific area he would like to address.

MR. LAWRENCE replied he has received several "pretty scary letters" from APOC. He explained that the law provides a \$50 per day fine for failure to report. However, nine days preceding an election, that fine is increased to \$500 per day, but the next reporting date is in February. This means that candidates receive letters emphasizing the \$500 per day potential fines they face.

He acknowledged that the letters are based on the law and staff and the commission cannot do much about it. He agreed that these fines are warranted for intentional actions, but in his view, intentional violations are rare. The big problem is that there is 90 days between the election and the follow-up report deadline, which means the \$500 per day fine accrues each day.

He said he understands that APOC must advise candidates of the maximum potential fines, but he would like to see the letters sent to candidates indicate that if the violation is found to be unintentional, the fines will not be that high. He suggested the legislature may wish to consider amending that language to give APOC more flexibility. These letters create stress for candidates and may deter people from running for office, he said.

CHAIR REVAK said that was a good point to consider.

[4:04:55 PM](#)

CHAIR REVAK opened public testimony and after first determining no one wished to testify, closed public testimony on the confirmation hearings.

[4:05:15 PM](#)

CHAIR REVAK stated that in accordance with AS 39.05.080, the Senate State Affairs Standing Committee reviewed the following and recommends the appointments be forwarded to a joint session for consideration:

Personnel Board

Craig Johnson - Anchorage

Alaska Public Offices Commission

Daniel LaSota - Fairbanks

Hardy (Van) Lawrence - Fairbanks

Signing the reports regarding appointments to boards and commissions in no way reflects individual members' approval or disapproval of the appointees; the nominations are merely forwarded to the full legislature for confirmation or rejection.

[4:05:52 PM](#)

At ease

SJR 14-CONST. AM: VOTES NEEDED FOR VETO OVERRIDE

[4:06:48 PM](#)

CHAIR REVAK reconvened the meeting and announced the consideration of SENATE JOINT RESOLUTION NO. 14, Proposing an amendment to the Constitution of the State of Alaska relating to actions upon veto.

He noted that the bill was heard twice on February 25, 2020 and March 12, 2020 and public testimony was heard.

[4:07:11 PM](#)

SENATOR COGHILL moved to report SJR 14 from committee with individual recommendations and the attached fiscal note.

CHAIR REVAK found no objection and SJR 14 was reported from the Senate State Affairs Standing Committee.

[4:07:28 PM](#)

At ease

SB 188-LOTTERY: PUB. CORP; FUND; UNLAWFUL SALE

[4:08:36 PM](#)

CHAIR REVAK reconvened the meeting and announced the consideration of SENATE BILL NO. 188, "An Act establishing the Alaska Lottery Corporation; relating to the powers, duties, and laws applicable to the Alaska Lottery Corporation; establishing a lottery profits fund as an account of the general fund; establishing the crime of unlawful sale of a lottery ticket; and providing for an effective date."

[4:10:08 PM](#)

GREGORY SAMORAJSKI, Senior Development Executive, Department of Commerce, Community and Economic Development (DCCED), Anchorage, Alaska, began a PowerPoint, "A Proposal to Create an Alaska State Lottery Corporation." He reviewed slide 2, Lottery History:

- New Hampshire 1964
- Instant Scratch-Off Tickets 1970
- Multi-State Draw Games
 - Powerball 1988
 - Mega Millions 1996
- 45 States Currently Operate Lotteries

The modern lotteries began in New Hampshire with a draw-type game. Draw-type games are ones where draws are taken from an urn and the players match the numbers to their tickets to win.

He said states who participate in Powerball lotteries pool their resources to produce large prizes. He related that 43 of the 45 states that currently operate lotteries offer draw and instant game lotteries. If Alaska were to adopt a lottery, it would become the 46th state to do so.

[4:12:17 PM](#)

MR. SAMORAJSKI reviewed slide 3, Lotteries are a Significant Revenue Source:

- Total National Sales \$85.6 Billion in 2018

He said that of the \$85.6 billion in 2018, \$23.4 billion has been returned to the state general funds or education funds.

[4:12:54 PM](#)

MR. SAMORAJSKI reviewed slide 4, No Longer Just Your Grandfather's Lottery!

Traditional Games -2018 Revenues in \$Billions

- Power Ball, Mega Millions \$8.3 -All States
- Other Draw Games \$15.5 -All States
- Instant Scratch-Offs \$49.6 -All States Except ND and WY
- Total Traditional \$73.4
- Total All Games \$85.6

He said the vast majority of the \$73.4 billion was from scratch-off tickets.

New Games -2018 Revenues in \$Billions

- Monitor Games Like Keno \$4.4 -19 States Plus DC
- Video Lottery Terminals \$6.9 -8 States: DE, MD, NY, OH, OR, RI, SD, WV

He noted that these games are typically played in bars or restaurants.

[4:14:34 PM](#)

MR. SAMORAJSKI reviewed slide 5, Revenue Breakdown Example:

- Prize Money 60%
- Retailer Commissions 6%
- Gaming Contractor 10%
- Administration 4%
- Transfer to General Fund 20%

[4:15:49 PM](#)

MR. SAMORAJSKI reviewed slide 6, How Are States Like Alaska Doing - 2018 Results:

Revenues in \$Million/State Share \$Million/% Return

- Wyoming \$28.70/\$5.0/17.45%
- North Dakota \$31.30/\$8.0/25.6%
- South Dakota \$278.80/\$124.7/44.7%
- Montana \$56.6/\$10.7/18.9%
- Maine \$294.10/\$63.0/21.4%
- Idaho \$265.10/\$53.5/20.2%

He explained that slide 6 lists the states whose populations are similar in size to Alaska. It lists the total amount of revenue generated by the state's lottery, then the portion of revenue allocated to the state, and finally the percentage of total revenue the state receives. For example, Wyoming generated \$28.70 million in total revenue. The state's share was \$5.0 million, which represents 17.45 percent of the total revenue generated by the lottery. States that allow scratch-off games, such as Montana and Maine, generate more revenue. South Dakota has video lottery terminals, so its revenue is substantially higher, he said.

[4:17:27 PM](#)

CHAIR REVAK asked what video lottery terminals entail.

MR. SAMORAJSKI replied these terminals allow games such as blackjack or poker. He said he was not advocating for Alaska to offer video lottery terminals, but it is something the state may wish to consider.

CHAIR REVAK noted South Dakota's return to the state was 44.7 percent, which is higher than all the others. He asked if it has anything to do with tourism.

MR. SAMORAJSKI answered that 44.7 percent represents the net earnings from video lottery terminals. The winning percentage for players is much higher, he said.

SENATOR KAWASAKI observed that in North Dakota, \$30 million in revenue returned \$8 million to the state.

MR. SAMORAJSKI agreed and added that the ratio of total revenue to net revenue is typically 20-30 percent.

[4:20:39 PM](#)

SENATOR KAWASAKI asked if nonresidents play and win lotteries while on vacation in North Dakota. If so, the winnings were not necessarily money won by residents of North Dakota.

MR. SAMORAJSKI agreed that anyone physically in the state could play the state lottery games.

SENATOR KAWASAKI asked if the figures on slide 6 include earnings from tribal gaming because Wyoming, North Dakota, South Dakota, and Montana permit that.

MR. SAMORAJSKI answered no.

[4:21:54 PM](#)

MR. SAMORAJSKI reviewed slide 7, Potential Revenues for Alaska:

With Draw Games Only - \$6.5 Million

- Add Instant Scratch-Off Tickets - \$35 Million
- Add Video Lottery Terminals and Monitor Games - \$135 Million

He explained that the Department of Revenue developed these revenue estimates based on other states' results and scaled for Alaska's population.

The point of the slide is to illustrate that at least offering scratch-off tickets will be necessary for a lottery to provide a significant source of revenue.

MR. SAMORAJSKI reviewed slide 8, Senate Bill 188:

New Alaska State Lottery Corporation

- Directors Appointed by the Governor
- Broad Authority
 - Select Games
 - Promulgate Regulations
 - Choose Retailers and Contractors

This slide shows that under a corporate structure, the state would delegate most of the authority to operate the lottery to a state lottery corporation that, in turn, might hire contractors and retailers to run the lottery.

[4:24:24 PM](#)

MR. SAMORAJSKI reviewed slide 9, Possible Implementation Schedule:

- Legislative Approval this Session
- Board Directors Appointed Summer 2020
- Executive Director Hired by Fall 2020
- Organization Year FY 21 Including:
 - Hire Consultant and Gaming Contractor
 - Appoint Retailers
 - Background Checks
- FY 22 Break Even
- FY 23 Transfers to the General Fund

He said the idea would be to create a special sub-fund in the general fund (GF) to deposit the lottery earnings and the legislature would decide on appropriations from that sub-fund.

[4:25:39 PM](#)

MR. SAMORAJSKI reviewed slide 9, Appropriations - Potential Request:

- FY 21 - \$3 Million Capital Appropriation Request with Additional Authority to Borrow Funds
- FY 22 - Break Even
- FY 23 and Beyond - Payments to the State General Fund

He estimated that startup costs would be a minimum of \$3 million. After the break-even year, the legislature would not need to appropriate any additional funds, he said.

[4:26:27 PM](#)

SENATOR KAWASAKI said he was agnostic to the idea of commercial gaming in Alaska. Besides the potential revenue, he asked if the

administration examined the societal losses or downsides of gambling.

MR. SAMORAJSKI said they found the problems are more a result of casinos than state lottery games. He acknowledged that video lotteries have not been around very long.

4:29:12 PM

BISHOP WOOSLEY, Director, Arkansas Lottery; President, North American Association of State & Provincial Lotteries (NASPL), Little Rock, Arkansas, spoke in support of SB 188. He stated that the NASPL consists of 53 North American lotteries; it advocates on behalf of the lottery industry. The association primarily promotes responsible gambling and provides statistical information to states. He characterized the NASPL as an educational organization; it will work with the legislature and the administration while Alaska considers whether to create a lottery in the state.

CHAIR REVAK asked if there have been societal detriments or negative impacts from the lottery industry in Arkansas.

MR. WOOSLEY answered no. He explained that Arkansas has had a lottery for over 10 years. Arkansas has found that the core demographic of players who play every day are ones who earn from \$25,000-\$30,000 annually and those who earn \$75,000 annually. There is no evidence that it has created societal issues. He said Arkansas is one of the newer lotteries and it brought some form and structure to the organization and to responsible gambling within the state. Prior to creating lotteries, the state had two rasingos in the state, which are entities that combine racing and casinos. At the time, there was very little money directed towards problem gambling and little awareness of programs that were available. Once state lotteries came online, Arkansas highlighted the national problem gambling helpline and made programs available to help people address their problem gambling issues. He said anytime gambling is present, there will be some people who play more than they should, but these people can get help. Arkansas is a heavy instant game lottery state, but thus far there is no evidence of a societal issue with instant scratch-off tickets.

4:33:25 PM

SENATOR COGHILL asked if setting up a lottery by commission is a common structure.

MR. WOOSLEY answered that most lotteries use a commission-based structure, but some use a corporate, state agency, or quasi-state agency based structure. Arkansas initially was formed using a commission, but it no longer uses that structure.

SENATOR COGHILL related his understanding that Alaska is considering a quasi-state corporation rather than a corporation. He asked how to distinguish between residents and nonresidents participating in lotteries. Alaska only has about 350,000 adults and is also almost like an island since it is separated from the Lower 48. He wondered if nonresidents must participate for it to be worthwhile for Alaska to operate a lottery.

MR. WOOSLEY responded that Arkansas has seven border states, so it has a tourism industry. He related his understanding that Alaska has a seasonal tourism industry. He pointed out that Wyoming and Montana are smaller states that have established a market for a lottery. He opined that people in Alaska are probably already involved in gaming, so there is a market in Alaska.

[4:37:00 PM](#)

SENATOR KAWASAKI asked if the gambling hotline in Arkansas is funded via revenues from legal gaming or from the general fund.

MR. WOOSLEY answered that the hotline is funded by the state and other gaming entities in the state. Since the hotline is national, he said he was not aware of the exact costs. Arkansas receives and posts a monthly report that includes the number and nature of the call, if the call was referred for assistance, and any follow-up. The state website has 10 years of reporting listed. He offered his view that all gaming entities nationwide fund the hotline, including lotteries, casinos, or other gambling organizations. He said Arkansas also provides a list of other resources available, such as the National Association of Problem Gambling. Arkansas has a certification that shows the process, from the creation of the games, any advertising or marketing, and how the games are sold in retail. Many states are moving towards that model. He characterized Arkansas as self-policing; it uses self-imposed guidelines to avoid marketing games that problem gamblers would find attractive.

[4:39:48 PM](#)

DAVID BARTON, Director, New Mexico Lottery, Albuquerque, New Mexico, said he has been involved with lotteries since 2001, beginning with his work in South Carolina. He worked with Mr. Woosley when Arkansas began its lottery. He also served for 15-

16 years as a staff attorney for the South Carolina Senate, drafting legislation. He opined that SB 188 is a forward-thinking piece of legislation and that it is important to get it right from the start. He offered his view that Alaskans could be proud of the proposed lottery structure, noting that the bill provides that revenues could be used to fund programs in the state addressing domestic violence prevention, drug abuse prevention, foster care, seniors, or homelessness. It also helps promote the lottery since people can see where the money is spent. He mentioned that Powerball sales nationwide are down about 30 percent. It is also important to have a good scratch-off product along with online games to create a good portfolio. He predicted that a multi-jurisdictional organization would likely sell games internationally. He explained that New Mexico also has tribal casinos and fraternal organizations that sell lottery products.

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SENATOR COGHILL acknowledged that he personally struggles with this. He asked how many New Mexico residents are winners. He expressed concern that Alaska could receive revenue, but the state's residents might not be lottery winners.

MR. BARTON answered that 95 percent of scratch games will be residents. He related his experience in New Mexico, including that residents are not usually Powerball winners. However, there are a few winners, he said. Since players must wait a few days after playing Powerball to find out if they have won, many people prefer scratch games. He reported that New Mexico has not had any problems with lottery gaming, and that most of the problems arise from casinos.

[4:45:58 PM](#)

KEVIN COCHRAN, Government Affairs Manager, Draft Kings, Inc., Boston, Massachusetts, spoke in support of mobile sports wagering. He said Draft Kings, Inc. was founded in 2012 as a daily fantasy sports company, with the goal of bringing sports fans closer to the games they love. Since then, Draft Kings, Inc. has evolved into an international sports entertainment company with more than 10 million customers throughout the world. In May 2018, the U.S. Supreme Court invalidated the Professional and Amateur Sports Protection Act of 1992 or PASPA. This paved the way for states to legalize sports wagering within their borders. In August 2018, Draft Kings, Inc. made history by being the first company to offer a mobile sports wagering app outside of Nevada by launching the app in New Jersey.

[4:47:19 PM](#)

MR. COCHRAN spoke in support of bringing a competitive, fully mobile sports wagering market to Alaska.

He stated that Draft King supports a legal framework that protects consumers, will generate maximum revenue for the state, and stamp out the pervasive illegal market. He estimated that 138,000 people bet over \$348 million in illegal wagers each year through illegal online offshore websites.

MR. COCHRAN explained that mobile sports betting allows customers to place bets from their mobile phones. He said New Jersey has established itself as the leader in states that have chosen to regulate sports wagers. Over \$3.2 billion in wagers have been placed since 2018, with over 85 percent of the bets placed via online platforms. Mississippi chose to limit its wagers to on casino premises, which led to less wagers, he said. Alaska should consider building a strong and effective regulatory regime that has competitive pricing, includes a mobile device market, and allows multiple operators to serve a market.

He said Draft King, Inc. takes seriously issues such as underage wagering and problem gambling and encourages consumer protections. His organization uses "know your customer" technology to ensure underage individuals cannot create accounts or place wagers. The verification process uses multiple vendors, working with leading companies to monitor and detect user locations using cell phone location data, Wi-Fi triangulation and other technology. The organization provides safeguards for users that allow customers to set their own deposits and play limits and to self-exclude from participation. Users have their entire transaction history available at any time, including all bets they have placed, their winnings and losses, and a summary of their plays over the last month, three months, year, or their lifetime.

MR. COCHRAN suggested that if Alaska wants to protect its consumers, shutter offshore illegal sports betting markets, and provide the state with additional revenue streams, it is best achieved through a competitive, fully mobile sports wager market.

CHAIR REVAK reminded those online to limit testimony to two minutes.

[4:54:20 PM](#)

CHAIR REVAK opened public testimony on SB 188.

[4:54:36 PM](#)

KEVIN MCKINLEY, Member, Alaska Shriners; Member, Alaska Charitable Gaming Association, Fairbanks, Alaska, said the Alaska Shriners help children with medical bills and help fund travel so they make it to their hospital appointments. He questioned the unintended consequences of the bill, such that it would greatly reduce revenue for charities. The Alaska Shriners help approximately 200 children through the proceeds of charitable gaming. He asked what effect lotteries in other states has had on charitable gaming.

CHAIR REVAK said the committee will keep the question in mind.

[4:57:00 PM](#)

SANDY POWERS, President, Alaska Charitable Gaming Alliance, Anchorage, Alaska, spoke in opposition to SB 188. She said she also owns and operates Big Valley Bingo, which raises money for charities. She said her organization opened in 2017, employs 20 Alaskans, and represents 15 charities. In its first two years it has contributed over \$570,000 to the Mat-Su Valley community, donating to local charities. She said the alliance thought it should have had a seat at the table earlier in the legislative process. She expressed concern with the expansion of gambling in Alaska. Much of the revenue will go outside Alaska and an estimated \$100 million in revenues will not fix the state's \$1.5 billion budget gap. Many states rank low economically, including New Mexico, which ranks forty-fifth in the nation. States with legalized gambling suffer from increased crime and drugs. Further, under the bill, a gaming corporation could make changes without legislative oversight. She explained that charitable gaming was created to raise money for nonprofit organizations. The state has nearly 1,100 charities that benefit from the \$35 million raised annually from charitable gaming. Over 1,000 Alaskans work in the charitable gaming industry. She said the alliance has nonprofit support from the Alaska Police and Fire Chaplains, the Fraternal Order of State Troopers, and the Alaska Peace Officers Association. She noted that she also submitted written testimony.

CHAIR REVAK suggested people submit written testimony at senate.stateaffairs@ak.gov.

[5:01:04 PM](#)

DAVID LAMBERT, Owner, Tab Wizard of Alaska, Fairbanks, Fairbanks, Alaska, said he is a gaming operator who raises funds

for about 25 organizations. He explained that scratch-off tickets are pull tabs. Currently, \$35 million goes to charities from pull tab sales and charitable gaming in Alaska. He offered his view that the only way to raise \$35-40 million in scratch-off tickets will be to take away funds from charities. He suggested that the legislature set up a task force to investigate lotteries.

[5:02:14 PM](#)

LES BURNAL, National Director, Stop Predatory Gambling, Washington, D.C., spoke in opposition to SB 188. He stated that his organization is a nonprofit organization comprised of a national social reform network of individuals and organizations across the country. Many people gamble because they are broke and desperate. Even though saving money leads to wealth, more than two-thirds of Alaskan citizens do not have any savings, according to GoBankingRates.com. He provided other statistics to illustrate the number of Alaskans that would be vulnerable to gambling. He offered his view that commercialized gambling is America's biggest and most neglected problem. In 2018, Americans lost \$118 billion of personal wealth to government-sanctioned gambling. Alaska's citizens have not suffered those types of financial losses because it has not legalized gambling. He urged members to avoid "the scheme" before them today.

[5:06:11 PM](#)

MAC MEINERS, Owner, Rippie World, Anchorage, Alaska, stated that he has worked in charitable gaming for over 20 years. He asked the committee to think about how to proceed. He recommended limiting lotteries in Alaska to scratch-off tickets and figuring out how to include charities as beneficiaries. He said he does not want to see charitable gaming go away since he funds 26 charities through Rippie World.

[5:08:20 PM](#)

CHAIR REVAK, after first determining no one else wished to testify, closed public testimony on SB 188.

[SB 188 was held in committee.]

[5:08:51 PM](#)

There being no further business to come before the committee, Chair Revak adjourned the Senate State Affairs Standing Committee meeting at 5:08 p.m.