

Offered: 4/28/88  
Referred: Finance

5-0175T

Original sponsors: Larson, Menard  
and Boyer

1 IN THE HOUSE BY THE LABOR AND  
COMMERCE COMMITTEE  
2 SENATE CS FOR CS FOR HOUSE BILL NO. 32 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act establishing the Alaska Racing Commission and  
7 authorizing parimutuel wagering at sanctioned  
8 events."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. AS 05 is amended by adding a new chapter to read:  
11 CHAPTER 40. HORSE RACING.  
12 ARTICLE 1. ALASKA RACING COMMISSION.  
13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska  
14 Racing Commission is established in the Department of Commerce and  
15 Economic Development. The commission is composed of five members  
16 appointed by the governor. One member shall have experience in the  
17 regulation, supervision, or conduct of parimutuel wagering or horse  
18 racing; one member shall have experience in law enforcement; one  
19 member shall have experience in bookkeeping or accounting; two members  
20 shall be public members.  
21 (b) Each member of the commission shall at the time of the  
22 member's appointment be a resident of the state.  
23 (c) A person may not serve as a member of the commission if that  
24 person has been convicted of  
25 (1) a felony; or  
26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -  
27 11.66.280, or a comparable provision of municipal, state, or federal  
28 law.  
29 (d) A person may not serve as a member of the commission until

1 the investigation required under AS 18.65.080 is completed.

2 (e) The commission shall elect a chairman from its membership.

3 (f) Three members of the commission constitute a quorum for the  
4 transaction of business.

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve  
6 staggered terms of four years. A vacancy is filled by appointment for  
7 the unexpired term. A member of the commission holds office until a  
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The  
10 governor may remove a member for cause, including incompetence, ne-  
11 glect of duty, or misconduct in office. A member being removed for  
12 cause shall be given a copy of the charges and afforded an opportunity  
13 to publicly present a defense in person or by counsel upon not less  
14 than 10 days' notice. If a member is removed for cause, the governor  
15 shall file with the lieutenant governor a complete statement of all  
16 charges made against the member and the governor's findings based on  
17 the charges, together with a complete record of the proceedings.

18 (b) The governor may immediately suspend a member for a vio-  
19 lation of law or for misconduct in office pending removal from office  
20 under (a) of this section.

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the  
22 commission do not receive a salary for their service on the commission  
23 but are entitled to per diem and travel expenses authorized by law for  
24 state boards and commissions under AS 39.20.180.

25 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The  
26 commission shall, in consultation with the attorney general,

27 (1) adopt regulations concerning  
28 (A) the issuance, renewal, suspension, and revocation  
29 of licenses and special permits;

- 1 (B) the immediate suspension of a license or special  
2 permit of a person subject to this chapter during an investiga-  
3 tion of a violation of this chapter or a regulation adopted under  
4 this chapter;
- 5 (C) the appointment of race officials, including race  
6 meet observers, and their duties;
- 7 (D) the distribution of the parimutuel pool among the  
8 race meet operator, purse money, winning tickets, and the commis-  
9 sion;
- 10 (E) retention of breakage by a race meet operator;
- 11 (F) veterinary standards for race meets;
- 12 (G) parimutuel equipment to be used by race meet  
13 operators;
- 14 (H) auditing procedures; and
- 15 (I) other matters directly related to horse racing and  
16 parimutuel wagering;
- 17 (2) regulate and supervise all horse races;
- 18 (3) inspect and approve race tracks and race horses;
- 19 (4) establish racing dates and durations;
- 20 (5) sanction horse racing at locations approved by the  
21 commission;
- 22 (6) set all license and special permit fees;
- 23 (7) make an annual report to the commissioner of commerce  
24 and economic development and the legislature of its administration of  
25 this chapter before April 15 of each year;
- 26 (8) keep detailed records of all race meets and of all col-  
27 lections and disbursements;
- 28 (9) supervise the making and distribution of parimutuel  
29 pools.

- 1 (b) The commission may
- 2 (1) hire staff, and appoint persons as race meet observers,
- 3 as needed to administer this chapter, if the investigation required
- 4 under AS 18.65.080 finds that the person has not been convicted of a
- 5 crime set out in AS 05.40.010(c);
- 6 (2) issue subpoenas to compel witnesses to appear before
- 7 it;
- 8 (3) compel the production of documents showing the receipts
- 9 and disbursements of a race meet operator;
- 10 (4) appoint a hearing officer to conduct a hearing required
- 11 by this chapter or by a regulation adopted under it;
- 12 (5) by regulation, impose an admission surcharge for a race
- 13 meet not to exceed \$1 without regard to whether the race meet operator
- 14 charges an admission fee.

15 Sec. 05.40.060. EMPLOYEES OF THE COMMISSION. Employees of the

16 commission are in the partially exempt service under AS 39.25.120.

17 Sec. 05.40.070. REGULATIONS OF THE COMMISSION. The attorney

18 general shall enforce the regulations of the commission.

19 Sec. 05.40.080. RECORDS OF THE COMMISSION. All records of the

20 commission are public records and subject to public inspection.

21 Sec. 05.40.090. PROCEEDS. Fees and other money received by the

22 commission shall be paid into the general fund.

23 ARTICLE 2. RACE MEETS.

24 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may

25 not conduct a race meet in the state without a race meet operator's

26 license issued by the commission. A race meet operator's license is

27 valid for three years unless revoked or suspended by the commission.

28 (b) The race meet operator has the exclusive right to operate or

29 contract for the operation of concessions at the site of the race

1 meet.

2 (c) A race meet operator's license may not be issued until the  
3 investigation required under AS 18.65.080 is completed. A person  
4 convicted of a crime set out in AS 05.40.010(c) may not receive a race  
5 meet operator's license.

6 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-  
7 pate in a race meet as an owner of an animal participating in the race  
8 meet, trainer, jockey, driver, attendant, groom, stable person, veter-  
9 inarian, employee of a race meet operator, concessionaire, or conces-  
10 sion employee without a special permit issued by the commission.

11 (b) A special permit is valid for one year unless revoked or  
12 suspended by the commission. The commission may not issue a special  
13 permit under this section until the investigation required under  
14 AS 18.65.080 is completed. A person convicted of a crime set out in  
15 AS 05.40.010(c) may not receive a special permit.

16 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-  
17 sion may not sanction a race meet within a municipality unless

18 (1) a majority of the voters in the municipality has ap-  
19 proved a referendum authorizing parimutuel wagering on horse races and  
20 providing for municipal licensing of race meets within the municipal-  
21 ity; and

22 (2) the municipality, after a public hearing on the li-  
23 cense, has approved issuance or renewal of the municipal license for  
24 the race meet.

25 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as  
26 provided in (b) and (c) of this section, the parimutuel pool shall be  
27 distributed

28 (1) 65 percent to the holders of winning tickets;

29 (2) 15 percent to the race meet operator conducting the

1 race meet;

2 (3) 10 percent as purse money; and

3 (4) 10 percent to the commission.

4 (b) The commission may by regulation adjust the distribution of  
5 the parimutuel pool as necessary to promote efficient and successful  
6 race meets. The percentage allocated to holders of winning tickets  
7 shall be at least 65 percent of the parimutuel pool.

8 (c) Notwithstanding AS 34.45, money that is owed to holders of  
9 winning tickets but not claimed within six months after the date for  
10 distribution of the parimutuel pool shall be paid to the commission  
11 for deposit into the general fund.

12 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The  
13 race meet operator shall report to the commission within 30 days after  
14 each race on the distribution of the parimutuel pool.

15 (b) The race meet operator shall report to the commission within  
16 30 days after the end of the race meet on the operation and proceeds  
17 of concessions at the site of the race meet.

18 Sec. 05.40.150. OBSERVATION OF RACE MEETS. (a) The commission  
19 may appoint a member of the commission or other person to observe the  
20 conduct of race meets. An observer shall be present at the site of  
21 each race meet on the day before, the day after, and during the race  
22 meet.

23 (b) A person who is not a member of the commission or an em-  
24 ployee of the commission does not receive a salary but is entitled to  
25 per diem and travel expenses, for each day the person is engaged in  
26 the actual performance of duties as a race meet observer.

27 ARTICLE 3. GENERAL PROVISIONS.

28 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of  
29 the commission are subject to the Administrative Procedure Act

1 (AS 44.62).

2 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is  
3 subject to AS 39.50 (conflict of interest).

4 Sec. 05.40.950. PROHIBITED ACTS AND PENALTIES. (a) It is a  
5 class A misdemeanor to

6 (1) violate or fail to comply with a regulation of the  
7 commission or a provision of this chapter if no effect on the outcome  
8 of a horse race was intended;

9 (2) record, report, or register a wager on a horse in a  
10 horse race unless under the provisions of this chapter;

11 (3) place a wager upon the results of a horse race except  
12 by a parimutuel method of wagering conducted by a race meet operator  
13 licensed under this chapter, and upon the grounds or enclosure of the  
14 race meet operator;

15 (4) permit a person under the age of 21 to use the pari-  
16 mutuel system.

17 (b) Violation of a regulation or provision of this chapter with  
18 intent to affect the outcome of a horse race is a class C felony.

19 Sec. 05.40.990. DEFINITIONS. In this chapter

20 (1) "breakage" means the odd cents by which the amount  
21 payable on each dollar wagered exceeds a multiple of 10 cents; break-  
22 age may not exceed 20 percent of the total amount deposited in the  
23 pool;

24 (2) "commission" means the Alaska Racing Commission;

25 (3) "harness race" means a race where the horses are har-  
26 nessed to a sulky, carriage, or similar vehicle and driven by a driv-  
27 er;

28 (4) "horse race" means either a race where the horses are  
29 mounted and ridden by jockeys or a harness race;

1           (5) "parimutuel" means a form of wagering on the outcome of  
2 horse races in which those who wager personally purchase tickets of  
3 various denominations on a horse and all wagers for each race are  
4 pooled and held by the race meet operator for distribution; when the  
5 outcome of the race has been decided, the race meet operator distrib-  
6 utes the percentage of the total wagers determined by the commission  
7 to holders of tickets on the winning horses;

8           (6) "race meet" means an exhibition that includes horse  
9 races, where the parimutuel system is used;

10           (7) "race meet operator" means the person who is authorized  
11 to conduct a race meet sanctioned by the commission;

12           (8) "special permit" means a permit issued by the commis-  
13 sion to participants in a race meet, other than the race meet opera-  
14 tor, under AS 05.40.110.

15 \* Sec. 2. AS 18.65.080 is amended by adding a new subsection to read:

16           (b) The Department of Public Safety shall investigate and ascer-  
17 tain whether the following persons have been convicted of a crime set  
18 out in AS 05.40.010(c)

19           (1) a person appointed by the governor to serve as a member  
20 of the Alaska Racing Commission;

21           (2) an applicant for employment with the Alaska Racing  
22 Commission;

23           (3) an applicant to serve as a race official or race meet  
24 observer;

25           (4) an applicant for a license under AS 05.40.100 or a  
26 special permit under AS 05.40.110.

27 \* Sec. 3. AS 39.25.120(c) is amended by adding a new paragraph to read:

28           (21) employees of the Alaska Racing Commission.

29 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

1 (49) Alaska Racing Commission (AS 05.40.010).  
2 \* Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:  
3 (55) Alaska Racing Commission (AS 05.40.010).  
4 \* Sec. 6. INITIAL COMMISSION APPOINTMENTS. The governor shall make the  
5 initial appointment of members of the Alaska Racing Commission within 120  
6 days after the effective date of this Act.