

Introduced: 2/11/87
Referred: Labor & Commerce,
Judiciary and Finance

5-0496A

1 IN THE HOUSE

BY PETTYJOHN, PEARCE,
SHULTZ AND TAYLOR

2 HOUSE BILL NO. 119

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to regulation of gambling and estab-
7 lishing the Alaska Gambling Board."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. POLICY. The legislature finds that state and municipally
10 regulated gambling offers an opportunity for economic development of the
11 state and improvement of the general welfare of the people of the state.
12 The success of gambling is dependent upon public confidence and trust that
13 licensed gambling is conducted honestly and competitively and that gambling
14 is free from criminal and corruptive elements. Public confidence and trust
15 can only be maintained by strict regulation of all persons, locations,
16 practices, and activities related to the operation of licensed gambling
17 establishments and the manufacture and distribution of gambling devices and
18 equipment. All establishments where gambling is conducted and where
19 gambling devices are operated must be licensed and controlled to protect
20 the public health, safety, morals, and general welfare of the people of the
21 state, to foster the stability and success of gambling, and to preserve the
22 competitive economy and policies of free competition in the state.

23 * Sec. 2. AS 05.15.010 is amended to read:

24 Sec. 05.15.010. ALASKA GAMBLING BOARD [DEPARTMENT OF REVENUE] TO
25 ADMINISTER CHAPTER. The Alaska Gambling Board [DEPARTMENT OF REVENUE]
26 shall administer this chapter.

27 * Sec. 3. AS 05.15.020 is amended to read:

28 Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted
29 under this chapter may not be conducted unless an annual permit issued

1 by the board [DEPARTMENT] is first obtained and a fee of \$20 is paid
2 to the board [DEPARTMENT]. An additional fee of one percent of the
3 net proceeds shall be paid by each permittee annually. This fee is
4 due and payable at the same time as the annual financial statement.

5 * Sec. 4. AS 05.15.030 is amended to read:

6 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS AND PROTESTS.

7 (a) At the time of filing application the applicant shall notify the
8 municipality [CITY OR BOROUGH] nearest to the location of the proposed
9 activity of the applicant [APPLICATION]. A local government unit may
10 protest the conduct of the activity in its jurisdiction by resolution
11 stating the reasons for the protest filed with the board. Protests
12 [DEPARTMENT; PROTESTS] are limited to the lack of qualifications
13 prescribed by this chapter. This resolution is only a recommendation
14 by the municipality that [CITY WHICH] may be considered by the board
15 [COMMISSIONER] in determining whether to issue or refuse to issue a
16 permit.

17 (b) In addition to the requirements of (a) of this section, an
18 applicant for a permit to conduct an activity under AS 05.15.100(b)
19 shall notify the law enforcement agency having jurisdiction over the
20 location of the proposed activity. The board [COMMISSIONER OF REVE-
21 NUE] may not issue a permit for the proposed activity unless the
22 application is accompanied by the written approval of the law enforce-
23 ment agency having jurisdiction.

24 * Sec. 5. AS 05.15.050 is amended to read:

25 Sec. 05.15.050. SURRENDER OF PERMIT UPON SUSPENSION OR REVOCA-
26 TION. When a permit is suspended or revoked, the permittee shall
27 surrender the permit to the board [DEPARTMENT] on or before the effec-
28 tive date of the suspension or revocation. A permit is not valid
29 beyond the effective date of the suspension or revocation, whether

1 surrendered or not.

2 * Sec. 6. AS 05.15.060 is amended to read:

3 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
4 tive Procedure Act (AS 44.62), the board [COMMISSIONER OF REVENUE]
5 shall adopt regulations necessary to carry out this chapter covering,
6 but not limited to

7 (1) the issuance, renewal, and revocation of permits;

8 (2) a method of ascertaining net proceeds, the determina-
9 tion of items of expense that may be incurred or paid and the limita-
10 tion of the amount of the items of expense to prevent the proceeds
11 from the activity permitted from being diverted to noncharitable,
12 noneducational, nonreligious, or profit-making organizations, indi-
13 viduals or groups;

14 (3) the immediate revocation of permits if this chapter or
15 regulations adopted [ISSUED] under it are violated;

16 (4) the requiring of detailed, sworn, financial reports of
17 operations from permittees including detailed statements of receipts
18 and payments;

19 (5) the investigation of permittees and their employees,
20 including the fingerprinting of those permittees and employees whom
21 the board [COMMISSIONER] considers it advisable to fingerprint;

22 (6) exclusion from participation as a permittee or employee
23 of a permittee of any person convicted of a felony, a crime involving
24 moral turpitude, or violation of a municipal, state, or federal
25 gambling law;

26 (7) the method and manner of conducting activity and award-
27 ing of prizes or awards, and the equipment that may be used;

28 (8) the number of activities that may be held, operated, or
29 conducted under a permit during a specified period;

1 (9) a method of accounting for receipts and disbursements
2 including the keeping of records and requirements for the separate
3 banking of all receipts, and payments by check only;

4 (10) the disposition of funds in possession of a permittee
5 at the time a permit is surrendered, revoked, or invalidated;

6 (11) restrictions on the participation by employees of the
7 Department of Fish and Game in salmon classics;

8 (12) other matters the board [COMMISSIONER] considers neces-
9 sary to carry out this chapter or protect the best interest of the
10 public.

11 * Sec. 7. AS 05.15.070 is amended to read:

12 Sec. 05.15.070. BOARD [COMMISSIONER OF REVENUE] MAY EXAMINE
13 PERMITTEES. The board [COMMISSIONER] may examine or have examined the
14 books and records of a permittee. The board [COMMISSIONER] may re-
15 quire the permittee to pay the reasonable cost of the examination.
16 The board [COMMISSIONER] may issue subpoenas for the attendance of
17 witnesses and the production of books, records, and other documents.

18 * Sec. 8. AS 05.15.080 is amended to read:

19 Sec. 05.15.080. REPORTS BY PERMITTEES. The permittee shall, by
20 January 31 of the following year file for public inspection with the
21 municipal [CITY OR BOROUGH] clerk nearest to the location of the
22 activity licensed and with the board [COMMISSIONER OF REVENUE], an
23 itemized statement showing all income, authorized expenses, [EXPENSE]
24 and disbursements of net proceeds in connection with the activity.

25 * Sec. 9. AS 05.15.090 is amended to read:

26 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before March 2 of
27 each year the board [COMMISSIONER OF REVENUE] shall submit a detailed
28 report containing a summary of all reports required of permittees and
29 recommending a permit fee scale that will cover costs of

1 administration and enforcement. The attorney general and the
2 commissioner of public safety shall, within 10 days after the
3 convening of the legislature each year, submit a jointly prepared,
4 detailed report outlining the effect, if any, of the operation of this
5 chapter on the legal and law-enforcement activities of the state.

6 * Sec. 10. AS 05.15.100 is amended to read:

7 Sec. 05.15.100. BOARD [COMMISSIONER OF REVENUE] MAY ISSUE PER-
8 MITS. (a) The board [COMMISSIONER OF REVENUE] may issue a permit to
9 a municipality or qualified organization. The permit gives the
10 municipality or organization the privilege of conducting bingo, raf-
11 fles and lotteries, ice classics, rain classics, goose classics,
12 mercury classics, salmon classics, dog mushers' contests, fish
13 derbies, and contests of skill.

14 (b) The board [COMMISSIONER OF REVENUE] also may issue a permit
15 giving a municipality or qualified organization the privilege of
16 conducting an activity involving the use of playing cards, dice, and
17 numbers wheels. Each year, a municipality or qualified organization
18 may apply for a permit under this subsection for either a single event
19 lasting no more than three consecutive days, or for no more than three
20 events lasting no more than one day each.

21 * Sec. 11. AS 05.15.130 is amended to read:

22 Sec. 05.15.130. BOARD [COMMISSIONER] MAY IMPOSE ADDITIONAL
23 REQUIREMENTS FOR ELIGIBILITY. The board [COMMISSIONER OF REVENUE] may
24 supplement the definitions of qualified organizations and activities
25 by regulations adopted under this chapter adding to the definitions
26 additional requirements which the board [COMMISSIONER] considers
27 necessary for the best interests of the public or for the proper
28 administration of this chapter.

29 * Sec. 12. AS 05.15.140(a) is amended to read:

1 (a) The board [COMMISSIONER OF REVENUE] may not issue or renew a
2 permit except upon satisfactory proof that the applicant is a municipi-
3 pality or qualified organization, the activity may be permitted under
4 this chapter, and the issuance of a permit is not detrimental to the
5 best interests of the public. Upon request of the board [COMMISSIONER
6 OF REVENUE], the applicant shall prove conclusively each of these
7 requirements before a permit may be issued or renewed.

8 * Sec. 13. AS 05.15.140(b) is amended to read:

9 (b) In an application for a permit, a municipality or qualified
10 organization shall disclose the name and address of each person res-
11 ponsible for the operation of the activity and whether any person
12 named

13 (1) has ever been convicted of a felony or gambling misde-
14 meanor; or

15 (2) has a prohibited financial interest, as defined in
16 regulations adopted by the board [COMMISSIONER], in the operation of
17 the activity.

18 * Sec. 14. AS 05.15.140(c) is amended to read:

19 (c) The board [COMMISSIONER OF REVENUE] may not issue a permit
20 for an activity operated by a person who has been convicted of a
21 felony or a gambling misdemeanor.

22 * Sec. 15. AS 05.15.150(b) is amended to read:

23 (b) The net proceeds derived from the activity must be devoted
24 within one year to one or more of the uses stated in (a) of this
25 section. A municipality or qualified organization desiring to hold
26 the net proceeds for a period longer than one year must apply to the
27 board [COMMISSIONER OF REVENUE] for special permission and upon good
28 cause shown the board [COMMISSIONER] may grant the request.

29 * Sec. 16. AS 05.15.170 is amended to read:

1 Sec. 05.15.170. SUSPENSION OF PERMIT. The board [COMMISSIONER
2 OF REVENUE] may suspend a permit pending investigation or hearing.
3 The suspension is effective upon the giving of notice to the per-
4 mittee. The notice may be given by the delivery or handing of written
5 notice to the permittee or a person conducting an activity under the
6 permittee's permit or the mailing of notice to the permittee at the
7 address shown on the permit. A permit may be suspended under this
8 section for a period of 90 days or until the end of a hearing or other
9 proceeding begun during suspension. The authority of the board [COM-
10 MISSIONER] to suspend a permit is not subject to the Administrative
11 Procedure Act (AS 44.62).

12 * Sec. 17. AS 05.15.180(a) is amended to read:

13 (a) Except as provided in AS 05.15.100(b), this chapter does not
14 authorize the use of playing cards, dice, roulette wheels, coin-
15 operated instruments or machines, or other objects or instruments
16 used, designed, or intended primarily for gaming or gambling, or [ANY]
17 other method or implement not expressly authorized by the board [COM-
18 MISSIONER].

19 * Sec. 18. AS 05.15.180(c) is amended to read:

20 (c) The operation of activities licensed under AS 05.15.100(b)
21 is limited as follows:

22 (1) cash prizes may not be awarded;

23 (2) only money substitutes such as chips or scrip may be
24 used by a player in the activity;

25 (3) the money substitutes may be exchanged only for prizes
26 other than money and may not be otherwise exchanged or sold; and

27 (4) additional limitations may be established by the board
28 [COMMISSIONER OF REVENUE] under adopted regulations.

29 * Sec. 19. AS 05.15.210 is amended by adding a new paragraph to read:

1 (27) "board" means the Alaska Gambling Board established
2 under AS 05.40.

3 * Sec. 20. AS 05 is amended by adding a new chapter to read:

4 CHAPTER 40. REGULATION OF GAMBLING.

5 ARTICLE 1. ALASKA GAMBLING BOARD.

6 Sec. 05.40.010. ALASKA GAMBLING BOARD. (a) The Alaska Gambling
7 Board is established in the Department of Revenue as a regulatory and
8 quasi-judicial agency. The board is composed of three members ap-
9 pointed by the governor and confirmed by the legislature in joint
10 session.

11 (b) Each member of the board shall at the time of the member's
12 appointment be a resident of the state.

13 (c) A person may not serve as a member of the board if that
14 person has been convicted of

15 (1) a felony; or

16 (2) an offense defined in AS 11.66.200 - 11.66.280 or a
17 comparable provision of the law of another state.

18 (d) The board shall elect a chairman from its membership.

19 Sec. 05.40.020. TERM OF OFFICE. An appointment to the board is
20 for a term of four years. A vacancy is filled by appointment for the
21 unexpired term. A member of the board holds office until a successor
22 is appointed and qualifies.

23 Sec. 05.40.030. REMOVAL FROM OFFICE. The governor may remove a
24 member of the board for the neglect of a duty required by law, or for
25 other cause, after first giving the member a statement of the charges
26 and an opportunity to be heard.

27 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the board
28 are in the exempt service and are entitled to a monthly salary equal
29 to Step C, Range 26 of the salary schedule in AS 39.27.011(a) for

1 Juneau, Alaska.

2 Sec. 05.40.050. QUORUM. Two members of the board constitute a
3 quorum for the transaction of business.

4 Sec. 05.40.060. JURISDICTION. (a) The board shall regulate all
5 games of chance and contests of skill under AS 05.15 and all forms of
6 gambling, including gambling games, gaming devices, racing, and
7 parimutuel wagering.

8 (b) Jurisdiction of the board extends to every person conduct-
9 ing, or employed in the conduct of, gambling authorized under this
10 chapter or activities authorized under AS 05.15.

11 Sec. 05.40.070. DUTIES AND POWERS OF THE BOARD. (a) The board
12 shall

13 (1) adopt regulations concerning

14 (A) the issuance, renewal, suspension, and revocation
15 of licenses for gambling enterprises;

16 (B) the issuance, renewal, suspension, and revocation
17 of work permits for employees of a gambling enterprise;

18 (C) the information that applicants for a gambling
19 enterprise license or work permit must provide to the board;

20 (D) fingerprinting or other identification of appli-
21 cants, licensees, or permittees;

22 (E) fees for licenses and costs of investigation of
23 applicants for a license or permit;

24 (F) the games, gaming devices, equipment, and other
25 forms of gambling permitted and the method of operation of games,
26 devices, equipment, and other forms of gambling permitted by the
27 board;

28 (G) the manufacture, sale, and distribution of gam-
29 bling devices and equipment;

- 1 (H) exclusion or ejection of certain persons from
2 licensed establishments;
- 3 (I) the method of accounting for receipts and dis-
4 bursements including the keeping of records and requirements for
5 banking of receipts;
- 6 (J) calculation of net proceeds of a gambling enter-
7 prise including allowable deductions from gross proceeds;
- 8 (K) the transmittal of net proceeds on a quarterly
9 basis to the board;
- 10 (L) the procedures and requirements for a state agency
11 or municipality to contract for the operation of a gambling
12 enterprise under a license issued to the state agency or the
13 municipality;
- 14 (2) license, regulate, and supervise all gambling enter-
15 prises;
- 16 (3) establish procedures for cooperation with municipal-
17 ities in the regulation, licensing, and supervision of gambling estab-
18 lishments;
- 19 (4) establish standards for the reports and financial
20 records that must be maintained by operators of licensed gambling
21 enterprises;
- 22 (5) set all license fees;
- 23 (6) make an annual report to the commissioner of revenue
24 and the legislature of its administration of this chapter before
25 February 1 of each year;
- 26 (7) keep detailed records of all meetings and of all col-
27 lections and disbursements;
- 28 (8) establish procedures for resolution of disputes between
29 a licensee and a patron of a gambling establishment;

1 (9) pay fees and other money received into the general
2 fund.

3 (b) The board may

4 (1) hire staff as needed to administer this chapter;

5 (2) issue subpoenas to compel witnesses to appear before
6 it;

7 (3) compel the production of documents showing the receipts
8 and disbursements of a person licensed to conduct a gambling enter-
9 prise;

10 (4) appoint a hearing officer to conduct a hearing required
11 by this chapter or by a regulation adopted under it.

12 Sec. 05.40.080. ENFORCEMENT OF REGULATIONS. The attorney
13 general shall enforce the regulations adopted under this chapter.
14 Violation of a regulation adopted under this chapter is punishable
15 under AS 05.40.300.

16 Sec. 05.40.090. APPLICATION FOR LICENSE FOR A GAMBLING ENTER-
17 PRISE. (a) Gambling may be conducted only under a license issued by
18 the board and also, as appropriate, under a license issued by the
19 municipality where the gambling enterprise is located.

20 (b) The application for a license for a gambling enterprise must
21 include

22 (1) the name and address of the applicant;

23 (2) the location of the premises where gambling is to be
24 conducted under the license;

25 (3) the games, gaming devices, or other gambling activity
26 to be conducted under the license;

27 (4) the names of all persons directly or indirectly inter-
28 ested in the gambling enterprise and the nature of each person's
29 interest;

1 (5) other information and details that the board requires.

2 (c) The applicant shall post a bond in the amount determined by
3 the board for payment of fees, taxes, and net proceeds under this
4 chapter.

5 (d) The board may not issue a license to a person who

6 (1) has been convicted of a crime defined in AS 05.40.-
7 010(c);

8 (2) failed to pay a fee, tax, or net proceeds due to the
9 board or a municipality at the time of application;

10 (3) failed to disclose, misstated, or attempted to mislead
11 the board as to a material fact in an application for a license under
12 this chapter or AS 05.15;

13 (4) has been convicted of violating a regulation of the
14 board.

15 Sec. 05.40.100. RENEWAL OF LICENSE FOR GAMBLING ESTABLISHMENT.

16 (a) The board shall renew the license for a gambling establishment if
17 the licensee is in good standing with the board as to all licenses
18 currently held by the licensee.

19 (b) The board may not renew the license for a gambling estab-
20 lishment if the licensee has not paid all fees, taxes, and net pro-
21 ceeds due to the board or a municipality at the time of renewal for
22 all licenses held by the licensee.

23 Sec. 05.40.110. LICENSE FOR A GAMBLING ENTERPRISE. (a) A
24 license for a gambling enterprise is issued to an individual for a
25 period of one year and is renewable for successive periods of one
26 year.

27 (b) A license for a gambling enterprise is nontransferable.

28 (c) A license for a gambling enterprise is required for the
29 premises where gambling is conducted. Only one license may be issued

1 for the premises where gambling is conducted. A license for a gam-
2 bling enterprise is not transferable to a different premises.

3 (d) A license for a gambling enterprise authorizes a licensee to
4 conduct games and other gambling activities as specifically listed in
5 the license.

6 Sec. 05.40.120. POSTING OF LICENSE. A license for a gambling
7 enterprise shall be posted in a conspicuous location on the premises
8 by the licensee.

9 Sec. 05.40.130. WORK PERMIT. (a) Each person employed by a
10 gambling enterprise shall obtain a work permit issued by the board
11 before conducting or otherwise participating in the conduct of gam-
12 bling under this chapter.

13 (b) Records acquired by the board relating to applications for
14 and issuance of work permits are confidential, but may be released to
15 a law enforcement agency.

16 (c) The board may not issue a work permit to a person convicted
17 of a crime described in AS 05.40.010(c).

18 (d) The board may refuse to issue or renew a work permit to an
19 applicant if the applicant has

20 (1) failed to disclose, misstated, or attempted to mislead
21 the board as to a material fact in an application for issuance or
22 renewal of a work permit;

23 (2) failed to comply with the regulations of the board;

24 (3) committed, attempted, or conspired to commit a crime of
25 moral turpitude, embezzlement, or larceny against an employer.

26 Sec. 05.40.140. RECORDS OF THE BOARD. Records of the board are
27 public records and are subject to public inspection except as other-
28 wise provided by this chapter or by regulations of the board.

29 Sec. 05.40.150. PROCEEDS. (a) If the license for a gambling

1 enterprise is issued to a state agency, the state agency shall trans-
2 mit the net proceeds of the gambling enterprise to the board.

3 (b) If the license for a gambling enterprise is issued to a
4 municipality, the municipality shall transmit 50 percent of the net
5 proceeds of the gambling enterprise to the board.

6 (c) If the license for a gambling enterprise is not issued to a
7 state agency or to a municipality and if the license is issued for a
8 gambling enterprise that is not located within a municipality, the
9 licensee shall transmit 50 percent of the net proceeds of the gambling
10 enterprise to the board.

11 (d) If the license for the gambling enterprise is not issued to
12 a state agency or to a municipality and if the license is issued for a
13 gambling enterprise that is located within a municipality, the
14 licensee shall transmit 25 percent of the net proceeds of the gambling
15 enterprise to the board and 25 percent of the net proceeds of the
16 gambling enterprise to the municipality where the gambling enterprise
17 is located.

18 ARTICLE 2. GAMBLING WITHIN MUNICIPALITIES.

19 Sec. 05.40.200. GAMBLING WITHIN A MUNICIPALITY. Except as
20 provided in AS 05.15, gambling is not allowed within a municipality if
21 the voters of the municipality have not approved a referendum allowing
22 gambling within the municipality and the municipality has not adopted
23 an ordinance regulating gambling within the municipality under
24 AS 29.35.600 - 29.35.640.

25 Sec. 05.40.210. LICENSING OF GAMBLING ENTERPRISES WITHIN MUNIC-
26 IPALITIES. (a) The board shall issue a license to an applicant for a
27 gambling enterprise license if the applicant has satisfied the licens-
28 ing requirements of the board and has received a license from the
29 municipality where the gambling enterprise is located.

1 (b) The board shall issue a provisional approval of a license
2 for a gambling enterprise located within a municipality, if the appli-
3 cant has satisfied the licensing requirements of the board, but has
4 not received a license from the municipality where the gambling enter-
5 prise is located.

6 (c) A provisional approval of a license for a gambling enter-
7 prise does not permit operation of the gambling enterprise.

8 (d) The renewal of a license by the board for a gambling enter-
9 prise located within a municipality is conditional upon renewal of the
10 license issued by the municipality.

11 (e) The suspension or revocation by a municipality of a license
12 to operate a gambling establishment shall constitute a suspension of
13 the license issued by the board for that gambling enterprise.

14 ARTICLE 3. MISCELLANEOUS PROVISIONS.

15 Sec. 05.40.300. PROHIBITED ACTS AND PENALTIES. (a) It is a
16 class A misdemeanor to

17 (1) violate or fail to comply with a provision of this
18 chapter, a regulation adopted under this chapter, or an ordinance of a
19 municipality if no effect on the outcome of a game or event that is
20 the subject of a bet was intended;

21 (2) record, report, or register a wager or to gamble except
22 under the provisions of this chapter;

23 (3) permit a person under the age of 18 to gamble.

24 (b) Violation of this chapter, a regulation adopted under this
25 chapter, or an ordinance of a municipality with intent to affect the
26 outcome of a game, a gaming device, or other gambling activity
27 licensed under this chapter is a class C felony.

28 Sec. 05.40.310. ADMINISTRATIVE PROCEDURE ACT. The operations of
29 the board are subject to AS 44.62 (Administrative Procedure Act),

1 except as otherwise provided in this chapter.

2 Sec. 05.40.320. CONFLICT OF INTEREST ACT. The board is subject
3 to AS 39.50 (conflict of interest).

4 ARTICLE 4. GENERAL PROVISIONS.

5 Sec. 05.40.900. DEFINITIONS. In this chapter

6 (1) "board" means the Alaska Gambling Board;

7 (2) "gambling" means an activity in which a person stakes
8 or risks something of value upon the outcome of a game or a future
9 contingent event not under the person's control or influence, upon an
10 agreement or understanding that that person or someone else will
11 receive something of value in the event of a certain outcome;

12 (3) "gambling enterprise" means a business established and
13 licensed for the purpose of conducting gambling under this chapter;

14 (4) "game" means a game played with cards, dice, equipment
15 or a mechanical, electromechanical, or electronic device for money,
16 property, checks, credit, or a representation of value, including
17 faro, monte, roulette, keno, bingo, fan-tan, twenty-one, blackjack,
18 seven-and-a-half, big injun, klondike, craps, poker, chuck-a-luck,
19 Chinese chuck-a-luck (dai shu), wheel of fortune, chemin de fer,
20 baccarat, pai gow, beat the banker, panguingui, slot machine, a bank-
21 ing or percentage game or other game or device approved by the board,
22 but does not include games played with cards in private homes or resi-
23 dences where a person does not make money for operating the game,
24 except as a player;

25 (5) "gaming device" means equipment or a mechanical,
26 electromechanical or electronic contrivance, component, or machine
27 used remotely or directly in connection with a game that affects the
28 result of a wager by determining win or loss;

29 (6) "meeting" or "meet" means an exhibition that includes

1 racing subject to parimutuel wagering;
2 (7) "parimutuel" means a form of wagering on the outcome of
3 a race in which those who wager personally purchase tickets of various
4 denominations on a participant in the race and all wagers for each
5 race are pooled and held by the licensee conducting the meet for
6 distribution; when the outcome of the race has been decided, the
7 licensee conducting the meet distributes the percentage of the total
8 wagers determined by the board to holders of tickets on the winner.

9 * Sec. 21. AS 11.66.280(2) is amended to read:

10 (2) "gambling" means that a person stakes or risks some-
11 thing of value upon the outcome of a contest of chance or a future
12 contingent event not under the person's control or influence, upon an
13 agreement or understanding that that person or someone else will
14 receive something of value in the event of a certain outcome;
15 "gambling" does not include

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

21 (B) playing an amusement device that

22 (i) confers only an immediate right of replay not
23 exchangeable for something of value other than the privilege
24 of immediate replay; and

25 (ii) does not contain a method or device by which
26 the privilege of immediate replay may be cancelled or
27 revoked;

28 (C) an activity authorized by the Alaska Gambling
29 Board [COMMISSIONER OF REVENUE] under AS 05.15 or AS 05.40;

1 * Sec. 22. AS 11.66.280(4) is amended to read:

2 (4) "gambling enterprise" means a gambling business which

3 (A) includes five or more persons who conduct, fi-
4 nance, manage, supervise, direct, or own all or part of the
5 business;

6 (B) has been or remains in substantially continuous
7 operation for a period in excess of 30 days or has a gross income
8 of \$2,000 or more in any single day; [AND]

9 (C) is not a municipality or a qualified organization
10 under AS 05.15 [AS 05.15.210(15)], except that, for purposes of
11 this paragraph, no application for a permit [LICENSE] under
12 AS 05.15 [AS 05.15.210(15)] is required to be considered a qual-
13 ified organization; and

14 (D) is not licensed under AS 05.40;

15 * Sec. 23. AS 18.65.080 is amended by adding a new subsection to read:

16 (b) Before appointment or employment, the Department of Public
17 Safety shall investigate and ascertain whether

18 (1) a person appointed by the governor to serve as a member
19 of the Alaska Gambling Board under AS 05.40 has been convicted of a
20 crime described in AS 05.40.010(c);

21 (2) a member of the staff of or person employed by the
22 Alaska Gambling Board, an applicant for a license for a gambling
23 enterprise, or an applicant for a work permit has been convicted of a
24 crime under the laws of the state or another jurisdiction.

25 * Sec. 24. AS 29.10.200 is amended by adding a new paragraph to read:

26 (49) AS 29.35.600 - 29.35.640 (gambling).

27 * Sec. 25. AS 29.35 is amended by adding new sections to read:

28 ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.

29 Sec. 29.35.600. GAMBLING PERMITTED. Except as authorized under

1 AS 05.15, gambling may not be conducted within a municipality unless a
2 majority of the voters of the municipality approve a referendum au-
3 thorizing gambling and the municipality adopts an ordinance providing
4 for the licensing and regulation of gambling.

5 Sec. 29.35.610. LOCAL OPTION ELECTION. (a) The following
6 question may be placed before the voters of the municipality:

7 "Shall gambling be permitted in ... (name
8 of municipality) under terms of licenses
9 issued by ... (name of municipality)?"

10 (b) If a majority of the voters vote "yes" on the question set
11 out in (a) of this section, the municipality may permit gambling under
12 municipal ordinance.

13 Sec. 29.35.620. GAMBLING ORDINANCE. A municipal ordinance
14 providing for licensing and regulation of gambling enterprises within
15 the municipality must

16 (1) designate by office the official responsible for munic-
17 ipal licensing and regulation of gambling enterprises;

18 (2) establish qualifications for the person appointed to
19 the office in (1) of this section and for persons employed to assist
20 that person;

21 (3) provide for issuance, renewal, suspension, and revoca-
22 tion of licenses to conduct gambling;

23 (4) establish

24 (A) dates and hours of operation for gambling enter-
25 prises;

26 (B) locations in the municipality where gambling
27 enterprises may be located;

28 (C) the games and other forms of gambling permitted;

29 (D) the maximum amount of wagers permitted in games

1 and other forms of gambling;
2 (E) a schedule of fees for licenses; and
3 (F) auditing procedures for gambling enterprises;
4 (5) provide for the distribution of gambling proceeds
5 including the amounts or proportions allocated to the gambling enter-
6 prise and to winners;
7 (6) require detailed financial records of gambling enter-
8 prises;
9 (7) provide for exchange of data, reports, and information
10 with the Alaska Gambling Board established under AS 05.40.

11 Sec. 29.35.630. APPLICATION. AS 29.35.600 - 29.35.640 apply to
12 home rule and general law municipalities.

13 Sec. 29.35.640. DEFINITIONS. In AS 29.35.600 - 29.35.640
14 "gambling," "gambling enterprise," and "game" have the meanings given
15 in AS 05.40.900.

16 * Sec. 26. AS 39.50.200(b) is amended by adding a new paragraph to
17 read:

18 (49) Alaska Gambling Board (AS 05.40.010).

19 * Sec. 27. AS 44.42 is amended by adding a new section to read:

20 Sec. 44.42.085. GAMBLING ON STATE FERRIES. (a) The commis-
21 sioner may apply to the Alaska Gambling Board under AS 05.40 for
22 licenses to operate gambling enterprises on vessels of the Alaska
23 Marine Highway System if the commissioner finds that the operation of
24 a gambling enterprise does not threaten the health, safety, or welfare
25 of passengers or crew of vessels where the gambling enterprise is
26 located.

27 (b) In this section, "gambling enterprise" has the meaning given
28 in AS 05.40.900.

29 * Sec. 28. AS 44.62.330(a) is amended by adding a new paragraph to

1 read:

2 (55) Alaska Gambling Board (AS 05.40.010).

3 * Sec. 29. INITIAL COMMISSION APPOINTMENTS. The governor shall make
4 the initial appointment of members of the Alaska Gambling Board within 30
5 days after the effective date of this Act.