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1 IN THE SENATE

BY FAHRENKAMP

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SENATE BILL NO. 168

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing gambling enterprises in munic-
7 ipalities and on state ferries; and providing for an
8 effective date."

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

10 * Section 1. POLICY. Gambling enterprises licensed by the state or by
11 municipalities offer a substantial contribution to the welfare and pros-
12 perity of the state and an opportunity to offset declining revenue. The
13 success of the limited gambling operations authorized by this Act is depen-
14 dent upon strict regulation and control of all persons, locations, prac-
15 tices, and activities related to operation of licensed gambling enter-
16 prises. Strict regulation and control will ensure that gambling is con-
17 ducted honestly and free from criminal and corrupt persons, practices, and
18 influences. All premises where gambling is conducted must be licensed by
19 either the state or a municipality. To further local control over the
20 conduct of gambling, residents of each municipality authorized to operate
21 or license gambling operations under this Act must vote to approve gambling
22 before it can occur in the municipality.

23 * Sec. 2. AS 05 is amended by adding a new chapter to read:

24

CHAPTER 16. LEGALIZED GAMBLING.

25

Sec. 05.16.010. GAMBLING PERMITTED. (a) Gambling is permitted
26 within the limitations of this section.

27

(b) A person under 21 years of age may not gamble.

28

(c) Only numbers wheels and card and dice games may be operated

29

for the purposes of gambling.

1 (d) A person licensed to operate a gambling enterprise or an
2 employee of a gambling enterprise may not extend credit to a patron of
3 a gambling enterprise.

4 (e) A person may not receive a license to operate a gambling
5 enterprise or be employed by a gambling enterprise if that person has
6 been convicted of a felony or an offense defined in AS 11.66.200 -
7 11.66.280 or a comparable provision of a municipal ordinance or state
8 or federal law.

9 (f) Only a person who has successfully completed a course of
10 study in a curriculum for employees of a gambling enterprise at a
11 school licensed by a state where gambling is legal may be employed by
12 a gambling enterprise.

13 (g) An employee of a gambling enterprise may not gamble while on
14 duty for the gambling enterprise.

15 (h) Within the boundaries of a municipality, gambling may be
16 conducted under AS 29.35.600 - 29.35.690.

17 (i) On a vessel of the Alaska marine highway system, gambling
18 may be conducted under the terms of licenses issued by the department
19 under AS 05.16.020.

20 (j) Gambling is not authorized under this section in areas
21 outside the boundaries of a municipality except as provided in (i) of
22 this section.

23 Sec. 05.16.020. LICENSED GAMBLING ON STATE FERRIES. (a) The
24 department shall issue a license for a gambling enterprise on vessels
25 of the Alaska marine highway system if the commissioner of transporta-
26 tion and public facilities applies for a license.

27 (b) The proceeds of a gambling enterprise licensed under this
28 section shall be paid into the general fund. The commissioner of
29 administration shall separately account for money that the Department

1 of Transportation and Public Facilities deposits in the general fund
2 under this subsection. The annual estimated balance in the account
3 may be used by the legislature to make appropriations to the Depart-
4 ment of Transportation and Public Facilities to carry out the purposes
5 of this section.

6 Sec. 05.16.030. PROCEEDS FROM MUNICIPALITIES. The commissioner
7 of administration shall separately account for money received under
8 AS 29.35.620(a) that the department deposits in the general fund. The
9 annual estimated balance in the account may be used by the legislature
10 to make appropriations to the department to administer this chapter
11 except that one-half percent of the annual estimated balance in the
12 account may be used by the legislature to make appropriations for the
13 treatment and counseling of persons identified as compulsive gamblers.

14 Sec. 05.16.040. COOPERATION WITH MUNICIPALITIES. The department
15 shall cooperate with municipalities in the administration and regu-
16 lation of gambling within municipalities authorized to license or
17 operate gambling enterprises under AS 29.35.600 - 29.35.690.

18 Sec. 05.16.050. REGULATIONS. The department shall adopt regu-
19 lations under the Administrative Procedure Act (AS 44.62) that are
20 necessary to carry out this chapter, including regulations governing

21 (1) exclusion of a person convicted of a felony, or of a
22 state, municipal, or federal gambling offense from participation as an
23 employee or a patron of a gambling enterprise;

24 (2) the method and manner of conducting gambling and the
25 equipment that may be used;

26 (3) the maximum amount of a wager permitted in games li-
27 censed under this chapter;

28 (4) procedures for resolution of disputes between patrons
29 of gambling enterprises and licensees;

1 (5) the form and content of reports by municipalities on
2 their administration and regulation of gambling.

3 Sec. 05.16.060. ANNUAL REPORT. The department shall make a
4 report to the governor and the legislature by March 1 of each year on
5 its administration of this chapter, the regulation of gambling by
6 municipalities, and its recommendations for legislation necessary for
7 the regulation of gambling in this state.

8 Sec. 05.16.900. DEFINITIONS. In this chapter

9 (1) "department" means the Department of Revenue;

10 (2) "gambling" means that a person stakes or risks some-
11 thing of value upon the outcome of a game or a future contingent event
12 not under the person's control or influence, upon the agreement or
13 understanding that the person or someone else will receive something
14 of value in the event of a certain outcome; "gambling" does not in-
15 clude activities authorized under AS 05.15;

16 (3) "gambling enterprise" means a business licensed to
17 conduct gambling.

18 * Sec. 3. AS 11.66.280(2) is amended to read:

19 (2) "gambling" means that a person stakes or risks some-
20 thing of value upon the outcome of a contest of chance or a future
21 contingent event not under the person's control or influence, upon an
22 agreement or understanding that that person or someone else will
23 receive something of value in the event of a certain outcome; "gam-
24 bling" does not include

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

- 1 (3) playing an amusement device that
2 (i) confers only an immediate right of replay not
3 exchangeable for something of value other than the privilege
4 of immediate replay; and
5 (ii) does not contain a method or device by which
6 the privilege of immediate replay may be cancelled or re-
7 voked;
8 (C) an activity authorized by the commissioner of
9 revenue under AS 05.15 or AS 05.16; or
10 (D) an activity licensed under AS 29.35.600 - 29.35.-
11 690;

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

- 13 (4) "gambling enterprise" means a gambling business that
14 (A) includes five or more persons who conduct, fi-
15 nance, manage, supervise, direct, or own all or part of the
16 business;
17 (B) has been or remains in substantially continuous
18 operation for a period in excess of 30 days or has a gross income
19 of \$2,000 or more in any single day; [AND]
20 (C) is not a municipality or a qualified organization
21 under AS 05.15.210 except that, for purposes of this paragraph,
22 no application for a license under AS 05.15 is required to be
23 considered a qualified organization; and
24 (D) is not licensed under AS 05.16 or AS 29.35.600 -
25 29.35.690;

26 * Sec. 5. AS 29.10.200 is amended by adding a new paragraph to read:

27 (51) AS 29.35.600 - 29.35.690 (gambling).

28 * Sec. 6. AS 29.35 is amended by adding new sections to read:

29 ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.

1 Sec. 29.35.600. AUTHORIZATION. Subject to AS 05.16.010, a
2 municipality may operate or license a person in the municipality to
3 operate a gambling enterprise if

4 (1) the municipality adopts an ordinance permitting gam-
5 bling enterprises in the municipality and the ordinance is ratified by
6 a majority of the voters of the municipality; the governing body of
7 the municipality may require that voter approval of an ordinance
8 proposed under this paragraph be by more than a majority of the voters
9 of the municipality;

10 (2) the economy of the municipality depends substantially
11 on tourism;

12 (3) the municipality has a substantial history of gambling
13 during the gold rush era of 1890 to 1910; and

14 (4) the gambling enterprise enhances the historic character
15 of the municipality.

16 Sec. 29.35.610. REGULATION OF GAMBLING. (a) The municipal
17 ordinance providing for licensing and regulation of gambling enter-
18 prises within a municipality authorized to license or operate gambling
19 enterprises under AS 29.35.600 shall

20 (1) establish a commission responsible for municipal li-
21 censing and regulation of gambling enterprises consisting of at least
22 seven members including

23 (A) a member of the governing body;

24 (B) a person experienced in law enforcement;

25 (C) a person trained in accounting or bookkeeping;

26 (D) a person active in the tourism industry;

27 (E) a historian or other person familiar with the
28 history of the municipality; and

29 (F) two public members;

- 1 (2) establish qualifications for persons employed by the
2 commission;
- 3 (3) provide for issuance, renewal, suspension, and revoca-
4 tion of licenses for gambling enterprises and for the immediate sus-
5 pension or revocation of a license for a violation of AS 05.16.010,
6 AS 29.35.600 - 29.35.690, or a municipal gambling ordinance;
- 7 (4) establish
- 8 (A) dates and hours of operation for gambling enter-
9 prises;
- 10 (B) locations in the municipality where gambling
11 enterprises may be located;
- 12 (C) the games permitted;
- 13 (D) the number of gaming tables permitted on the
14 premises of a gambling enterprise;
- 15 (E) the maximum amount of wagers permitted in games;
- 16 (F) a schedule of fees for licenses;
- 17 (G) allowable rates of return on investment for gam-
18 bling enterprises;
- 19 (H) auditing procedures for gambling enterprises;
- 20 (5) provide for the distribution of gambling proceeds
21 including the amounts or proportions allocated to the gambling enter-
22 prise and to winners;
- 23 (6) require disclosure of the identity of persons having a
24 financial interest in a gambling enterprise and the nature of the
25 interest;
- 26 (7) require detailed financial records of gambling enter-
27 prises.
- 28 (b) The municipality may operate or license a person in the
29 municipality to operate only numbers wheels and card and dice games

1 for the purposes of gambling.

2 (c) The municipality may establish by ordinance whether alco-
3 holic beverages may be sold on the premises of a gambling enterprise.

4 (d) A member of a commission responsible for municipal licensing
5 and regulation of gambling enterprises and employees of the commission
6 may not participate in or have a financial interest in a gambling
7 enterprise.

8 (e) The municipality shall make a report to the Department of
9 Revenue by February 1 of each year on its administration and regula-
10 tion of gambling during the preceding year in the form prescribed by
11 the department.

12 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or
13 licenses a person to operate a gambling enterprise under AS 29.35.600
14 shall collect three and one-half percent of the gross proceeds from
15 the gambling enterprise and pay that amount to the Department of
16 Revenue for deposit in the general fund.

17 (b) If the municipality operates a gambling enterprise, the
18 municipality shall receive all of the proceeds from the gambling
19 enterprise, except the amount paid to the Department of Revenue under
20 (a) of this section.

21 (c) If the municipality licenses a person in the municipality to
22 operate a gambling enterprise, the municipality and the licensee may
23 divide the proceeds from the gambling enterprise under the terms of
24 the license after subtracting the amount paid to the Department of
25 Revenue under (a) of this section.

26 Sec. 29.35.630. REVENUE DERIVED FROM GAMBLING ENTERPRISES. The
27 fees, proceeds, and other revenue that a municipality receives from
28 gambling enterprises may be used for public purposes as the munic-
29 ipality may determine by ordinance.

1 Sec. 29.35.640. APPLICATION. AS 29.35.600 - 29.35.690 apply to
2 home rule and general law municipalities.

3 Sec. 29.35.690. DEFINITION. In AS 29.35.600 - 29.35.690 "gam-
4 bling" and "gambling enterprise" have the meanings given in AS 05.16.-
5 900.

6 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).