

Original sponsor: Fahrenkamp

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 168 (State Affairs)
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 providing for an effective date."

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

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

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

23 CHAPTER 16. LEGALIZED GAMBLING.

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

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

27 (c) Only numbers wheels and card and dice games may be operated
28 for the purposes of gambling.

29 (d) A person licensed to operate a gambling enterprise or an

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1 employee of a gambling enterprise may not extend credit to a patron of
2 a gambling enterprise.

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

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

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

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

16 (i) Gambling is not authorized under this section in areas
17 outside the boundaries of a municipality.

18 Sec. 05.16.020. PROCEEDS FROM MUNICIPALITIES. The commissioner
19 of administration shall separately account for money received under
20 AS 29.35.620(a) that the department deposits in the general fund. The
21 annual estimated balance in the account may be used by the legislature
22 to make appropriations to the department to administer this chapter
23 except that one-half percent of the annual estimated balance in the
24 account may be used by the legislature to make appropriations for the
25 treatment and counseling of persons identified as compulsive gamblers
26 and for programs designed to prevent persons from becoming compulsive
27 gamblers.

28 Sec. 05.16.030. COOPERATION WITH MUNICIPALITIES. The department
29 shall cooperate with municipalities in the administration and

1 regulation of gambling within municipalities authorized to license or
2 operate gambling enterprises under AS 29.35.600 - 29.35.690.

3 Sec. 05.16.040. REGULATIONS. The department shall adopt regu-
4 lations under the Administrative Procedure Act (AS 44.62) that are
5 necessary to carry out this chapter, including regulations governing

6 (1) procedures for resolution of disputes between patrons
7 of gambling enterprises and licensees;

8 (2) procedures under which the department may audit municipi-
9 pal records for gambling enterprises authorized under AS 29.35.600 -
10 29.35.690;

11 (3) the form and content of reports by municipalities on
12 their administration and regulation of gambling.

13 Sec. 05.16.050. ANNUAL REPORT. The department shall make a
14 report to the governor and the legislature by March 1 of each year on
15 its administration of this chapter, the regulation of gambling by
16 municipalities, and its recommendations for legislation necessary for
17 the regulation of gambling in this state.

18 Sec. 05.16.900. DEFINITIONS. In this chapter

19 (1) "department" means the Department of Commerce and
20 Economic Development;

21 (2) "gambling" means that a person stakes or risks some-
22 thing of value upon the outcome of a game or a future contingent event
23 not under the person's control or influence, upon the agreement or
24 understanding that the person or someone else will receive something
25 of value in the event of a certain outcome; "gambling" does not in-
26 clude activities authorized under AS 05.15;

27 (3) "gambling enterprise" means a business licensed to
28 conduct gambling.

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

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

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

12 (B) playing an amusement device that

13 (i) confers only an immediate right of replay not
14 exchangeable for something of value other than the privilege
15 of immediate replay; and

16 (ii) does not contain a method or device by which
17 the privilege of immediate replay may be cancelled or re-
18 voked;

19 (C) an activity authorized by the commissioner of
20 revenue under AS 05.15; or

21 (D) an activity authorized under AS 29.35.600 -
22 29.35.690;

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

24 (4) "gambling enterprise" means a gambling business that

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

28 (B) has been or remains in substantially continuous
29 operation for a period in excess of 30 days or has a gross income

1 of \$2,000 or more in any single day; [AND]

2 (C) is not a municipality or a qualified organization
3 under AS 05.15.210 except that, for purposes of this paragraph,
4 no application for a license under AS 05.15 is required to be
5 considered a qualified organization; and

6 (D) is not authorized under AS 29.35.600 - 29.35.690;

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

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

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

10 ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.

11 Sec. 29.35.600. AUTHORIZATION. (a) Subject to AS 05.16.010, a
12 municipality may operate or license a person in the municipality to
13 operate a gambling enterprise if

14 (1) the municipality adopts an ordinance permitting gam-
15 bling enterprises in the municipality and the ordinance is ratified by
16 a majority of the voters of the municipality; the governing body of
17 the municipality may require that voter approval of an ordinance
18 proposed under this paragraph be by more than a majority of the voters
19 of the municipality;

20 (2) the economy of the municipality depends substantially
21 on tourism;

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

24 (4) the gambling enterprise enhances the historic character
25 of the municipality.

26 (b) At least 30 days before the date on which the voters will
27 consider ratifying an ordinance under (a)(1) of this section, the
28 governing body of the municipality shall make available to the public
29 a report describing the potential adverse and beneficial social

1 effects that the gambling enterprises authorized under the ordinance
2 might have on the municipality.

3 Sec. 29.35.610. REGULATION OF GAMBLING. (a) The municipal
4 ordinance providing for licensing and regulation of gambling enter-
5 prises within a municipality authorized to license or operate gambling
6 enterprises under AS 29.35.600 must

7 (1) establish a commission responsible for municipal li-
8 censing and regulation of gambling enterprises consisting of at least
9 seven members including

- 10 (A) a member of the governing body;
11 (B) a person experienced in law enforcement;
12 (C) a person trained in accounting or bookkeeping;
13 (D) a person active in the tourism industry;
14 (E) a historian or other person familiar with the
15 history of the municipality; and
16 (F) two public members;

17 (2) establish qualifications for persons employed by the
18 commission;

19 (3) provide for issuance, renewal, suspension, and revoca-
20 tion of licenses for gambling enterprises and for the immediate sus-
21 pension or revocation of a license for a violation of AS 05.16.010,
22 AS 29.35.600 - 29.35.690, or a municipal gambling ordinance;

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 permitted;
29 (D) the number of gaming tables permitted on the

1 premises of a gambling enterprise;
2 (E) the maximum amount of wagers permitted in games;
3 (F) a schedule of fees for licenses;
4 (G) allowable rates of return on investment for gam-
5 bling enterprises;
6 (H) auditing procedures for gambling enterprises;
7 (5) provide for the distribution of gambling proceeds
8 including the amounts or proportions allocated to the gambling enter-
9 prise and to winners;
10 (6) require disclosure of the identity of persons having a
11 financial interest in a gambling enterprise and the nature of the
12 interest;
13 (7) require detailed financial records of gambling enter-
14 prises.
15 (b) The municipality may operate or license a person in the
16 municipality to operate only numbers wheels and card and dice games
17 for the purposes of gambling.
18 (c) The municipality may establish by ordinance whether alco-
19 holic beverages may be sold on the premises of a gambling enterprise.
20 (d) A member of a commission responsible for municipal licensing
21 and regulation of gambling enterprises and employees of the commission
22 may not participate in or have a financial interest in a gambling
23 enterprise.
24 (e) The municipality shall make a report to the Department of
25 Commerce and Economic Development by February 1 of each year on its
26 administration and regulation of gambling during the preceding year in
27 the form prescribed by the department.
28 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or
29 licenses a person to operate a gambling enterprise under AS 29.35.600

1 shall collect three and one-half percent of the gross proceeds from
2 the gambling enterprise and pay that amount to the Department of
3 Commerce and Economic Development for deposit in the general fund.

4 (b) If the municipality operates a gambling enterprise, the
5 municipality shall receive all of the proceeds from the gambling
6 enterprise, except the amount paid to the Department of Commerce and
7 Economic Development under (a) of this section.

8 (c) If the municipality licenses a person in the municipality to
9 operate a gambling enterprise, the municipality and the licensee may
10 divide the proceeds from the gambling enterprise under the terms of
11 the license after subtracting the amount paid to the Department of
12 Commerce and Economic Development under (a) of this section.

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

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

19 Sec. 29.35.690. DEFINITION. In AS 29.35.600 - 29.35.690 "gam-
20 bling" and "gambling enterprise" have the meanings given in AS 05.16.-
21 900.

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