

CS FOR HOUSE BILL NO. 16 (L&C)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH

H LEGISLATURE - FIRST SESSION

BY THE HOUSE LABOR & COMMERCE COMMITTEE

Offered: 2/8/91  
Referred: Judiciary, Finance

Sponsor(s): REPRESENTATIVE LARSON

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Racing Commission and authorizing parimutuel wagering  
2 at sanctioned events; and providing for an effective date."

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

4 \* Section 1. AS 05 is amended by adding a new chapter to read:

5 CHAPTER 45. HORSE RACING.

6 ARTICLE 1. ALASKA RACING COMMISSION.

7 Sec. 05.45.010. ALASKA RACING COMMISSION. (a) The Alaska Racing  
8 Commission is established in the Department of Commerce and Economic Development. The  
9 commission is composed of five members appointed by the governor. One member shall have  
10 experience in the regulation, supervision, or conduct of parimutuel wagering or horse racing; one  
11 member shall have experience in law enforcement; one member shall have experience in  
12 bookkeeping or accounting; two members shall be public members.

13 (b) Each member of the commission shall at the time of the member's appointment be  
14 a two-year resident of the state.

1 (c) A person may not serve as a member of the commission if that person has been  
2 convicted of

3 (1) a felony; or

4 (2) an offense defined in AS 05.45.950, AS 11.66.200 - 11.66.280, or a  
5 comparable provision of municipal, state, or federal law.

6 (d) A person may not serve as a member of the commission until the investigation  
7 required under AS 18.65.080 is completed.

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

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

10 Sec. 05.45.020. TERM OF OFFICE. Members of the commission serve staggered terms  
11 of four years. A vacancy is filled by appointment for the unexpired term. A member of the  
12 commission holds office until a successor is appointed and qualifies.

13 Sec. 05.45.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The governor  
14 may remove a member for cause, including incompetence, neglect of duty, or misconduct in  
15 office. A member being removed for cause shall be given a copy of the charges and afforded  
16 an opportunity to publicly present a defense in person or by counsel upon not less than 10 days'  
17 notice. If a member is removed for cause, the governor shall file with the lieutenant governor  
18 a complete statement of all charges made against the member and the governor's findings based  
19 on the charges, together with a complete record of the proceedings.

20 (b) The governor may immediately suspend a member for a violation of law or for  
21 misconduct in office pending removal from office under (a) of this section.

22 Sec. 05.45.040. COMPENSATION AND PER DIEM. Members of the commission do  
23 not receive a salary for their service on the commission but are entitled to per diem and travel  
24 expenses authorized by law for state boards and commissions under AS 39.20.180.

25 Sec. 05.45.050. DUTIES AND POWERS OF THE COMMISSION. (a) The commission  
26 shall, in consultation with the attorney general,

27 (1) adopt regulations concerning

28 (A) the issuance, renewal, suspension, and revocation of licenses and  
29 special permits;

30 (B) the immediate suspension of a license or special permit of a person  
31 subject to this chapter during an investigation of a violation of this chapter or a regulation

- 1 adopted under this chapter;
- 2 (C) the appointment of race officials, including race meet observers, and  
3 their duties;
- 4 (D) the distribution of the parimutuel pool among the race meet operator,  
5 purse money, winning tickets, and the commission;
- 6 (E) retention of breakage by a race meet operator;
- 7 (F) veterinary standards for race meets;
- 8 (G) parimutuel equipment to be used by race meet operators;
- 9 (H) auditing procedures; and
- 10 (I) other matters directly related to horse racing and parimutuel wagering;
- 11 (2) regulate and supervise all horse races;
- 12 (3) inspect and approve race tracks and race horses;
- 13 (4) establish racing dates and durations;
- 14 (5) sanction horse racing within municipalities at locations approved by the  
15 commission;
- 16 (6) set all license and special permit fees;
- 17 (7) make an annual report to the commissioner of commerce and economic  
18 development and the legislature of its administration of this chapter before February 15 of each  
19 year;
- 20 (8) keep detailed records of all race meets and of all collections and  
21 disbursements;
- 22 (9) supervise the making and distribution of parimutuel pools.
- 23 (b) The commission may
- 24 (1) hire staff, and appoint persons as race meet observers, as needed to administer  
25 this chapter, if the investigation required under AS 18.65.080 finds that the person has not been  
26 convicted of a crime set out in AS 05.45.010(c);
- 27 (2) issue subpoenas to compel witnesses to appear before it;
- 28 (3) compel the production of documents showing the receipts and disbursements  
29 of a race meet operator;
- 30 (4) appoint a hearing officer to conduct a hearing required by this chapter or by  
31 a regulation adopted under it;

1 (5) by regulation, impose an admission surcharge for a race meet of \$1 without  
2 regard to whether the race meet operator charges an admission fee.

3 Sec. 05.45.060. EMPLOYEES OF THE COMMISSION. Employees of the commission  
4 are in the partially exempt service under AS 39.25.120.

5 Sec. 05.45.070. REGULATIONS OF THE COMMISSION. The attorney general shall  
6 enforce the regulations of the commission.

7 Sec. 05.45.080. RECORDS OF THE COMMISSION. All records of the commission are  
8 public records and subject to public inspection.

9 Sec. 05.45.090. PROCEEDS. Fees and other money received by the commission shall  
10 be paid into the general fund.

11 ARTICLE 2. RACE MEETS.

12 Sec. 05.45.100. RACE MEET OPERATOR'S LICENSE. (a) A person may not conduct  
13 a race meet in the state without a race meet operator's license issued by the commission. A race  
14 meet operator's license is valid for three years unless revoked or suspended by the commission.

15 (b) The race meet operator has the exclusive right to operate or contract for the operation  
16 of concessions at the site of the race meet.

17 (c) A race meet operator's license may not be issued until the investigation required  
18 under AS 18.65.080 is completed. A person convicted of a crime set out in AS 05.45.010(c) may  
19 not receive a race meet operator's license.

20 (d) A race meet may be conducted only within a municipality.

21 Sec. 05.45.110. SPECIAL PERMITS. (a) A person may not participate in a race meet  
22 as an owner of an animal participating in the race meet, trainer, jockey, driver, attendant, groom,  
23 stable person, veterinarian, employee of a race meet operator, concessionaire, or concession  
24 employee without a special permit issued by the commission.

25 (b) A special permit is valid for one year unless revoked or suspended by the  
26 commission. The commission may not issue a special permit under this section until the  
27 investigation required under AS 18.65.080 is completed. A person convicted of a crime set out  
28 in AS 05.45.010(c) may not receive a special permit.

29 Sec. 05.45.120. LOCAL OPTION. The commission may not sanction a race meet within  
30 a municipality unless the municipality

31 (1) by ordinance approved by the voters authorizes parimutuel wagering on horse

1 races and provides for municipal licensing of race meets within the municipality; and

2 (2) after a public hearing on the license, has approved issuance or renewal of the  
3 municipal license for the race meet.

4 Sec. 05.45.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as provided  
5 in (b) and (c) of this section, the parimutuel pool shall be distributed

6 (1) 65 percent to the holders of winning tickets;

7 (2) 15 percent to the race meet operator conducting the race meet;

8 (3) 10 percent as purse money; and

9 (4) 10 percent to the commission.

10 (b) The commission may by regulation adjust the distribution of the parimutuel pool as  
11 necessary to promote efficient and successful race meets, except that the 10 percent that is  
12 allocated to the commission under (a)(4) of this section may not be increased or decreased.

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

16 Sec. 05.45.140. REPORTS BY THE RACE MEET OPERATOR. (a) The race meet  
17 operator shall report to the commission within 30 days after each race on the distribution of the  
18 parimutuel pool.

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

21 Sec. 05.45.150. OBSERVATION OF RACE MEETS. (a) The commission may appoint  
22 a member of the commission or other person to observe the conduct of race meets. An observer  
23 shall be present at the site of each race meet on the day before, the day after, and during the race  
24 meet.

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

### 28 ARTICLE 3. GENERAL PROVISIONS.

29 Sec. 05.45.900. ADMINISTRATIVE PROCEDURE ACT. The operations of the  
30 commission are subject to the Administrative Procedure Act (AS 44.62).

31 Sec. 05.45.910. CONFLICT OF INTEREST ACT. The commission is subject to

1 AS 39.50 (conflict of interest).

2 Sec. 05.45.950. PROHIBITED ACTS AND PENALTIES. (a) It is a class A  
3 misdemeanor to

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

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

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

11 (4) permit a person under the age of 21 to use the parimutuel system.

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

14 Sec. 05.45.990. DEFINITIONS. In this chapter,

15 (1) "breakage" means the odd cents by which the amount payable on each dollar  
16 wagered exceeds a multiple of 10 cents; breakage may not exceed 20 percent of the total amount  
17 deposited in the pool;

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

19 (3) "harness race" means a race where the horses are harnessed to a sulky,  
20 carriage, or similar vehicle and driven by a driver;

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

23 (5) "parimutuel" means a form of wagering on the outcome of horse races in  
24 which those who wager personally purchase tickets of various denominations on a horse and all  
25 wagers for each race are pooled and held by the race meet operator for distribution; when the  
26 outcome of the race has been decided, the race meet operator distributes the percentage of the  
27 total wagers determined by the commission to holders of tickets on the winning horses;

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

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

1 (8) "special permit" means a permit issued by the commission to participants in  
2 a race meet, other than the race meet operator, under AS 05.45.110.

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

4 (b) The Department of Public Safety shall investigate and ascertain whether the following  
5 persons have been charged with a crime set out in AS 05.45.010(c):

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

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

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

10 (4) an applicant for a license under AS 05.45.100 or a special permit under  
11 AS 05.45.110.

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

13 (21) employees of the Alaska Racing Commission.

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

15 (52) Alaska Racing Commission (AS 05.45.010).

16 \* Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:

17 (57) Alaska Racing Commission (AS 05.45.010).

18 \* Sec. 6. INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial  
19 appointment of members of the Alaska Racing Commission within 120 days after the effective date of  
20 this Act.

21 \* Sec. 7. This Act takes effect July 1, 1992.