

SENATE CS FOR CS FOR HOUSE BILL NO. 16 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 5/1/92
Referred: Finance

Sponsor(s): REPRESENTATIVES LARSON, Zawacki

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 and confirmed by a
10 majority of the legislature meeting in joint session. One member shall have experience in the
11 regulation, supervision, or conduct of parimutuel wagering or horse racing; one member shall
12 have experience in law enforcement; one member shall have experience in bookkeeping or ac-
13 counting; two members shall be public members.

14 (b) At the time of appointment, the governor shall indicate which position described in

1 (a) of this section the appointee is filling. The governor may not move a member from one
2 position to another without resubmitting the appointment to the legislature for confirmation.

3 (c) Each member of the commission shall at the time of the member's appointment have
4 been a resident of the state for at least two years.

5 (d) A person may not serve as a member of the commission if that person has been
6 convicted of

7 (1) a felony; or

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

10 (e) A person may not serve as a member of the commission until the investigation
11 required under AS 18.65.090 is completed.

12 (f) The commission shall elect a chair from its membership.

13 (g) Three members of the commission constitute a quorum for the transaction of business.

14 (h) The department shall request from the Department of Public Safety a criminal history
15 records check of

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

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

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

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

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

25 Sec. 05.45.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) A member may
26 be removed only by a vote of a majority of the legislature meeting in joint session or by the
27 governor with the consent of a majority of the legislature meeting in joint session. If the
28 governor proposes to remove a member when the legislature is in session, the governor shall
29 submit a request for legislative consent to the speaker of the house and the president of the
30 senate. If the governor proposes to remove a member when the legislature is not in session, the
31 governor shall notify all legislators in writing. If a majority of the legislators approve the

1 removal in writing, the governor may remove the member. If the governor does not receive
2 approval before the legislature convenes in regular session, the governor shall submit the
3 proposed removal as set out in this section. A member whose removal has been proposed by the
4 governor retains the member's seat on the commission until the legislature has approved the
5 removal.

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

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

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

13 (1) adopt regulations concerning

14 (A) the issuance, renewal, suspension, and revocation of licenses and
15 special permits;

16 (B) the immediate suspension of a license or special permit of a person
17 subject to this chapter during an investigation of a violation of this chapter or a regulation
18 adopted under this chapter;

19 (C) the appointment of race officials, including race meet observers, and
20 their duties;

21 (D) the distribution of the parimutuel pool among the race meet operator,
22 purse money, winning tickets, and the commission;

23 (E) retention of breakage by a race meet operator;

24 (F) veterinary standards for race meets;

25 (G) parimutuel equipment to be used by race meet operators;

26 (H) auditing procedures; and

27 (I) other matters directly related to horse racing and parimutuel wagering;

28 (2) regulate and supervise all horse races;

29 (3) inspect and approve race tracks and race horses;

30 (4) establish racing dates and durations;

31 (5) sanction horse racing within municipalities at locations approved by the

- 1 commission;
- 2 (6) set all license and special permit fees;
- 3 (7) make an annual report to the commissioner of commerce and economic
4 development and the legislature of its administration of this chapter before February 15 of each
5 year;
- 6 (8) keep detailed records of all race meets and of all collections and
7 disbursements;
- 8 (9) supervise the making and distribution of parimutuel pools
- 9 (10) set requirements for the minimum liability insurance coverage that a race
10 meet operator must have;
- 11 (11) impose an admission surcharge for a race meet of \$1 without regard to
12 whether the race meet operator charges an admission fee.

13 (b) The commission may

- 14 (1) hire staff, and appoint persons as race meet observers, as needed to administer
15 this chapter, if the investigation required under AS 18.65.090 finds that the person has not been
16 convicted of a crime set out in AS 05.45.010(d);
- 17 (2) issue subpoenas to compel witnesses to appear before it;
- 18 (3) compel the production of documents showing the receipts and disbursements
19 of a race meet operator;
- 20 (4) appoint a hearing officer to conduct a hearing required by this chapter or by
21 a regulation adopted under it.

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

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

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

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

30 ARTICLE 2. RACE MEETS.

31 Sec. 05.45.100. RACE MEET OPERATOR'S LICENSE. (a) A person may not conduct

1 a race meet in the state without a race meet operator's license issued by the commission. A race
2 meet operator's license is valid for three years unless revoked or suspended by the commission
3 and is not transferable.

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

6 (c) A race meet operator's license may not be issued until the investigation required
7 under AS 18.65.090 is completed. A person convicted of a crime set out in AS 05.45.010(d)
8 may not receive a race meet operator's license.

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

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

14 (b) A special permit is valid for one year unless revoked or suspended by the
15 commission. The commission may not issue a special permit under this section until the
16 investigation required under AS 18.65.090 is completed. A special permit may not be issued to
17 a person convicted of a crime set out in AS 05.45.010(d) or a member of the commission.

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

20 (1) by ordinance approved by the voters authorizes parimutuel wagering on horse
21 races and provides for municipal licensing of race meets within the municipality; and

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

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

26 (1) 65 percent to the holders of winning tickets;

27 (2) 15 percent to the race meet operator conducting the race meet;

28 (3) 10 percent as purse money; and

29 (4) 10 percent to the commission.

30 (b) The commission may by regulation adjust the distribution of the parimutuel pool as
31 necessary to promote efficient and successful race meets, except that the 10 percent that is

1 allocated to the commission under (a)(4) of this section may not be increased or decreased.

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

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

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

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

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

17 ARTICLE 3. GENERAL PROVISIONS.

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

20 Sec. 05.45.910. CONFLICT OF INTEREST ACT. The commission is subject to
21 AS 39.50 (conflict of interest).

22 Sec. 05.45.950. PROHIBITED ACTS AND PENALTIES. (a) It is a class A
23 misdemeanor to knowingly

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

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

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

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

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

3 Sec. 05.45.990. DEFINITIONS. In this chapter,

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

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

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

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

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

17 (6) "parimutuel pool" means the total of all wagers on all horses in a particular
18 race to win, to place, or to show, the total of all wagers on two or more horses in a particular
19 race to finish in a particular order, or the total of all wagers on all horses to win in combination
20 two or more races;

21 (7) "race meet" means an exhibition that includes horse races, where the
22 parimutuel system is used;

23 (8) "race meet operator" means the person who is authorized to conduct a race
24 meet sanctioned by the commission;

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

27 * Sec. 2. AS 18.65.090 is amended by adding a new subsection to read:

28 (b) Upon receipt of the fingerprints of the applicant and payment of the fee authorized
29 in AS 44.41.025(b) and 44.41.040, the department shall perform a criminal history records check
30 of the persons listed in AS 05.45.010(h) and shall report the results of those records checks to
31 the Department of Commerce and Economic Development.

- 1 * **Sec. 3.** AS 39.25.120(c) is amended by adding a new paragraph to read:
2 (23) employees of the Alaska Racing Commission.
- 3 * **Sec. 4.** AS 39.50.200(b) is amended by adding a new paragraph to read:
4 (54) Alaska Racing Commission (AS 05.45.010).
- 5 * **Sec. 5.** AS 44.62.330(a) is amended by adding a new paragraph to read:
6 (57) Alaska Racing Commission (AS 05.45.010).
- 7 * **Sec. 6.** INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial
8 appointment of members of the Alaska Racing Commission within 120 days after the effective date of
9 this Act.
- 10 * **Sec. 7.** This Act takes effect July 1, 1992.