



Original sponsors: V. Fischer, Faiks,  
Josephson, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 265 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of  
7 chance and contests of skill."

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

9 \* Section 1. AS 05.15.030 is amended by adding a new subsection to  
10 read:

11 (b) In addition to the requirements of (a) of this section, an  
12 applicant for a permit to conduct an activity under AS 05.15.100(b)  
13 shall notify the law enforcement agency having jurisdiction over the  
14 location of the proposed activity. The commissioner of revenue may  
15 not issue a permit for the proposed activity unless the application is  
16 accompanied by the written approval of the law enforcement agency  
17 having jurisdiction.

18 \* Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a  
20 municipality or qualified organization the privilege of conducting an  
21 activity involving the use of playing cards, dice, and numbers wheels.  
22 A municipality or qualified organization may apply for a permit for  
23 only one activity a year under this subsection. For the purpose of  
24 this subsection, "one activity" means a single event lasting no more  
25 than three consecutive days.

26 \* Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified  
28 organization shall disclose the name and address of each person re-  
29 sponsible for the operation of the activity and whether any person

1 named

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

4 (2) has a prohibited financial interest, as defined in  
5 regulations adopted by the commissioner, in the operation of the  
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an  
8 activity operated by a person who has been convicted of a felony or a  
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a  
11 false statement in the application is punishable by law.

12 \* Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be  
14 incurred or paid in connection with the operation of an activity under  
15 a permit issued under this chapter except for bona fide expenses  
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-  
18 tion of the activity;

19 (2) personal services rendered that are not directly or  
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the  
22 activity provided the services are performed by an employee of the  
23 municipality, qualified organization, or a consultant hired by the  
24 municipality or qualified organization conducting the activity and the  
25 compensation is not related to the receipts from the activity.

26 \* Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except  
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize  
29 the use of playing cards, dice, roulette wheels, coin-operated instru-

1 ments or machines, or other objects or instruments used, designed, or  
2 intended primarily for gaming or gambling or any other method or  
3 implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] raffle clas-  
5 sics, and other activities authorized under AS 05.15.100(b), no activ-  
6 ity may be licensed under this chapter unless it existed in the state  
7 in substantially the same form and was conducted in substantially the  
8 same manner before January 1, 1959.

9 \* Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

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

12 (1) no cash prizes may be awarded;

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

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

17 (4) additional limitations that may be established by the  
18 commissioner of revenue under adopted regulations.

19 \* Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates  
21 or aids or solicits a person to violate this chapter is guilty of a  
22 violation for the first offense and a class B misdemeanor for the  
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in  
25 the performance of the public servant's duty, submits a false state-  
26 ment in an application for a permit under this chapter, is guilty of  
27 unsworn falsification.

28 \* Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly  
2 and used in a game of chance in which the outcome is determined by the  
3 number or figure selected by the device; not including games in which  
4 a hamster or other animal is placed in an enclosure with several  
5 numbered exit holes and the winner is determined by which hole the  
6 hamster or other animal exits, or slot machines or other devices that  
7 operate by insertion of a coin or other object that may entitle the  
8 person operating the machine to receive a prize by strict dependence  
9 on the element of chance.

10 \* Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to  
11 read:

12 (C) an activity authorized by the commissioner of  
13 revenue under AS 05.15.010 - 05.15.210;  
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THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H CS SB 265 (FIN)  
 Title Relating to permits for games of chance and contests of skill  
 Requested by House Finance Committee Date 6/13/83

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0				

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

No additional positions are justified to implement this legislation at this time. If a position becomes necessary during implementation of the program in the next fiscal year, it should be requested for inclusion in the FY 85 budget.

IV. DATE 6/13/83

PREPARED BY Al Adams, Chair *ABA*  
 AGENCY House Finance Committee  
 PHONE 465-3706

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

The following individuals may testify on SB 265:

Senator Vic Fischer, prime sponsor

A representative of the Department of Revenue

STATE OF ALASKA  
FISCAL NOTE

Revision Date 4/28, 1983

I. REQUEST

Bill/Resolution No. SB 265  
Title: Act relating to permits issued for games of chance and contests of skill  
Sponsor: State Affairs  
Requestor: V. Fischer

II. FISCAL DETAIL

Agency Affected: Department of Revenue  
Program Category Affected: Rev. Operations BRU, Program of Subprogram(s) Affected: Public Svcs. & Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	29.5	31.5	34.0	36.5	39.5
200 TRAVEL	-	4.5	4.8	5.0	5.5	6.0
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	4.5	5.0	5.5	6.0	6.5
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
<b>TOTAL OPERATING</b>		<b>38.5</b>	<b>41.3</b>	<b>44.5</b>	<b>48.0</b>	<b>52.0</b>
<b>CAPITAL</b>						
	-	-	-	-	-	-

REVENUE

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	38.5	41.3	44.5	48.0	52.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME	-	one	one	one	one	one
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld  
Division: Commissioner's Office

Phone: 465-2300  
Date: 4/27/83

Approved by Commissioner: *[Signature]*  
Department: Revenue

Date: 4/28/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

ANALYSIS: cs Sb 265

To insure equitable compliance with the law, a full time investigator will be needed and audit and investigation will require a minimum of eight field trips per year.

Supplies and commodities include new forms, mail outs and miscellaneous clerical supplies. All instruction and forms will require immediate revision and reprint.



PHONE 277-8615 ☉ P.O. BOX 773 ☉ ANCHORAGE, ALASKA 99510  
☉ LOCATION: 737 WEST 5TH AVENUE

A NON-PROFIT CIVIC ORGANIZATION

April 13, 1983

The Honorable Joe Flood  
Pouch V  
Juneau, AK 99811

Ref: Monte Carlo Nite Activities by  
non-profit organizations under  
AS 05.15

Dear Representative Flood:

The Attorney General recently issued an opinion that Monte Carlo -  
Casino Nite fund raising activities were not authorized for a permit  
under AS 05.15 (copy enclosed).

Since Monday, April 11, I have met with Ben Harding of the Governor's  
office, Diane Colvin, of the Attorney General's office, and Ralph  
Kimlinger, of the Department of Revenue. It was mutually agreed that  
any changes of Alaska Law should reflect only the type of fund raising  
activities currently conducted now by non-profit organizations  
throughout the state.

The enclosed bill would accomplish the above and also require that:

1. Only organizations defined under AS 05.15 could conduct Monte Carlo  
type activities.
2. Monte Carlo type activities would be limited to one (1) permit  
night per year.
3. The Monte Carlo permit has to be approved by the responsible law  
enforcement agency.

Monte Carlo Nite for Fur Rendezvous over the past 40 or so years has  
grown to where it provides approximately \$50,000.00 in revenue for Rony  
and it funds many of our non-income generating events.

The Fur Rendezvous "Monte Carlo Nite" uses over 400 volunteers to host the event for over 6,000 people who participate in the one night of fun and games. The size of our event is limited only to the size of a facility available.

We would like you to review the proposed bill and relay your comments to us.

Time is of the essence and we would also like you to consider being a sponsor of the bill to assure passage this year.

Sincerely,

*Wally*

Wally Hopkins  
Director & Governmental Affairs Liaison

Enclosures

# MEMORANDUM

State of Alaska

TO Robert D. Heath  
Commissioner  
Department of Revenue

DATE: March 3, 1983

FILE NO: 366-439-83

TELEPHONE NO: 465-3600

FROM Norman C. Gorsuch  
Attorney General

SUBJECT: Eligibility of Monte Carlo/Casino Night activities for a permit under AS 05.15

By:   
Diane T. Colvin  
Assistant Attorney General

You have asked us two questions relating to the issuance of permits under AS 05.15, Games of Chance and Contests of Skill:

1. May the Department of Revenue issue a permit under AS 05.15.100 for Monte Carlo/Casino Night activities?

2. May the department issue a permit under AS 05.15.180(b) if the Monte Carlo/Casino Night activities were conducted in the state prior to January 1, 1959?

You also asked if the Alcoholic Beverage Control Board may exclude the area used for Monte Carlo/Casino Night activities from a caterer's permit issued under AS 04.11.230. We answer the first two questions in the negative, finding no statutory authority for the department to issue permits for Monte Carlo activities. In response to the third question, we believe that the Alcoholic Beverage Control Board does have the authority to exclude an area in which Monte Carlo activities are conducted from a caterer's permit.

## Issuance of Permits for Monte Carlo/Casino Night Activities

Under AS 05.15.100 the Commissioner of the Department of Revenue may issue a permit to a qualified organization for "the privilege of conducting bingo, raffles and lotteries, ice classics, rain classics, dog mushers' contests, fish derbies and contests of skill." You ask whether a permit may be issued under this statute for Monte Carlo/Casino Night activities.

In the memorandum accompanying your request, you describe a range of activities that might be conducted in connection with a Monte Carlo/Casino Night. The activities extend from games in which no money or prizes are involved to those in

RECEIVED  
ALASKA DEPARTMENT OF REVENUE

MAR 4 1983

OFFICE OF THE COMMISSIONER

which both money and prizes are involved. All of the games described include the use of cards, dice, roulette wheels or coin-operated devices. Without discussing each of the situations you describe, we will presume, for purposes of this memorandum, that if the elements of consideration, chance, and prize are present, in any form or to any degree, the activity constitutes gambling and if it is to be conducted at all within the state, a permit must be obtained under AS 05.15. State v. Pinball Machs., 404 P.2d 923 (Alaska 1965); Morrow v. State, 511 P.2d 127 (Alaska 1973).

Thus, the question is whether a permit can be issued for Monte Carlo activities under AS 05.15. AS 05.15.100 authorizes permits for 7 specific activities: bingo, raffles and lotteries, ice classics, rain classics, dog mushers' contests, fish derbies and contests of skill. Each of these activities is defined by AS 05.15.210. None of the definitions cover the activities described in your request and accompanying memorandum. Therefore, we conclude that the department may not issue a permit under AS 05.15.100 for Monte Carlo activities.

The plain language of AS 05.15.100 and 05.15.210 leads to this conclusion. Additional support is found in AS 05.15.-180(a). This subsection provides:

This chapter does not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed, or intended primarily for gaming or gambling. . . (emphasis added)

These types of devices are used in Monte Carlo activities as you describe them. Under section 180(a) the commissioner does not have the authority to issue a permit authorizing their use.

Thus, we can only conclude that a permit may not be issued for Monte Carlo activities under AS 05.15. You also ask whether an exemption might be provided by AS 05.15.180(b), which provides as follows:

With the exception of raffles, lotteries and rain classics, no activity may be licensed under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959.

To qualify under this subsection, a Monte Carlo activity would have to meet the definition of raffle, lottery or rain

classic or meet the prior existence requirement in the main clause. It is clear from the definitions of raffle and lottery and rain classic in AS 05.15.210(16) and (20) that a Monte Carlo activity is not a raffle, lottery or rain classic. Thus, in order to qualify, a Monte Carlo night would have had to have been in existence prior to 1959 and it would have had to have been conducted in substantially the same manner. Thus, upon proof that an activity did exist in the state prior to 1959 and was conducted in a nearly identical manner before that time, a permit could be issued by the department. However, in regard to Monte Carlo activities, AS 05.15.180(b) must be interpreted in conjunction with AS 05.15.180(a), set forth above. This subsection places a flat prohibition on activities which include the use of "playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed or intended primarily for gaming or gambling." According to the descriptions you provided, these devices are commonly used in Monte Carlo activities. The commissioner is not authorized to issue a permit for activities in which these devices are used. Subsection (b) does not provide an exception to this prohibition, but rather provides an additional qualification. The commissioner may issue a permit for an activity other than raffles, lotteries, and rain classics if it meets the 1959 requirement of AS 05.15.180(b) and if it does not include the use of playing cards, dice, roulette wheels, and other devices prohibited by AS 05.15.180(a). A statute "should be construed so that effect is given to all its provisions, so that no part will be inoperative or superfluous, void or insignificant. . . ." 2 A.C. Sands, Statutes and Statutory Construction § 46.06 (4th ed. 1973). See Libby v. City of Dillingham, 612 P.2d 33, 39 (Alaska 1980). If section 180(b) were interpreted to allow activities involving roulette wheels and similar devices on the basis that they existed before 1959, subsection (a) would be rendered superfluous and irrelevant. This does not appear to be the intent of the legislature.

Therefore, we conclude that AS 05.15.180(b) does not provide an exemption for Monte Carlo activities even if they existed and were conducted in substantially the same manner prior to 1959.

Exclusion of Area in which Monte Carlo Activities are Conducted from Caterer's Permit issued by Alcoholic Beverage Control Board

Under AS 04.11.230, the Alcoholic Beverage Control Board is authorized to issue a caterer's permit which authorizes the holder of the permit to sell or dispense alcoholic beverages at events such as conventions and sporting events. In your request, you state that the board in the past has issued these

permits to organizations conducting Monte Carlo activities, but has excluded the area in which the activities are conducted from the caterer's permit. You ask whether the Board is authorized to limit the permit in this manner.

We believe the Board has the authority to limit a caterer's permit in the manner described. First, AS 04.11.230 states that the permit "may only be issued for designated premises", granting the Board the authority to specify the premises where beverages may be served under a permit. Second, AS 04.06.100(b)(3) authorizes the Board to adopt regulations on the terms and conditions of permits issued. The Board has adopted 15 AAC 104.675, requiring the applicant for a permit to submit with an application a description of the proposed premises and a drawing designating which areas are for storage, service and consumption. The Board has the authority to approve or disapprove the areas submitted. Finally, AS 04.06.090(c) provides as follows:

When considering an application, the board may reduce the area to be designated the licensed premises below the area applied for when, in the judgment of the board, a reduction in area is necessary to insure control over the sale and consumption of alcoholic beverages on the premises or is otherwise in the best interests of the public.

Technically, this applies only to licensed premises, but it is reasonable to assume that the Board should have similar authority in regard to areas in which liquor is served under a caterer's permit.

It should also be noted that there is no prohibition against minors engaging in activities for which permits are issued under AS 05.15. Thus, it is reasonable for the board to prevent liquor from being served in areas in which these activities are conducted and to carefully scrutinize applications for caterer's permits when it is known that minors may be participating in the games of chance allowed (or disallowed) under AS 05.15.

Thus, we conclude that the Alcoholic Beverage Control Board is authorized to exclude and is acting reasonably when it excludes areas in which Monte Carlo activities are conducted from a caterer's permit.

We hope this information is of assistance to you. We understand that the conclusions reached here may have a negative

Robert D. Heath, Commissioner  
Department of Revenue

March 3, 1983  
Page 5

effect on certain organizations that have conducted Monte Carlo activities in the past. These groups should be advised to seek legislative change if they wish to continue sponsoring these activities.

If you wish further information, please contact us.

DTC:eja

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF REVENUE

March 18, 1983

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
POUCH SA  
JUNEAU, ALASKA 99811

RECEIVED

MAR 31 1983

Re: Authorized Games of Chance and Contests of Skill

Dear Permittee:

Anchorage-Police Dept

The Department of Revenue has never authorized Monte Carlo or Casino Night activities under permits issued for Games of Chance and Contests of Skill (Alaska Statute 05.15).

We were recently asked if a "grandfather right" existed if a qualified organization defined in the Statute had conducted these activities prior to January 1, 1959 (Alaska Statute 05.15.180(b)). We requested an opinion of the Attorney General on whether Monte Carlo or Casino Night activities could be authorized on a permit issued to a municipality or qualified organization under this Statute.


In the same request, we asked the Attorney General to review the action taken by the Alcoholic Beverage Control Board in excluding any area established for a Monte Carlo or Casino Night activity from authorized caterer's permit premises.

The Attorney General has determined that Monte Carlo and Casino Night activities cannot be authorized under Alaska Statute 05.15. These activities, if conducted, are subject to the provisions of Alaska Statute 11.66.200 - 280, dealing with illegal gambling.

The Attorney General has also ruled that the Alcoholic Beverage Control Board is correct in not licensing the area established for Monte Carlo or Casino Night activity as premises for distribution of alcoholic beverages under a caterer's permit.

I have attached a copy of the opinion from the Attorney General and would suggest that, if your organization has sponsored Monte Carlo or Casino Night activities, and wish to continue to do so, you first obtain a change in the law by the Alaska Legislature. A copy of the Attorney General's opinion is also being sent to municipal law enforcement agencies throughout the state and to the Alaska Department of Public Safety.

Sincerely,



Phil Wall, Director  
Public Services Division

Attachment

cc: Alaska Department of Public Safety  
All Municipal Law Enforcement Agencies

TJM: F.V.I.  
PLEASE CALL  
IF YOU HAVE  
?'S ON THIS  
DRAFT. THE  
FINAL IS FORTH-  
COMING.

April 15, 1983

Honorable Barbara Lacher  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Done  
X-4894  
4-16-83

Attn: Eve Fox  
Administrative Assistant

Re: Monte Carlo nights bill

Dear Ms. Fox:

You asked that we provide you with a summary of the bill amending AS 05.15, relating to issuance<sup>of</sup> permits for games of chance. The bill was drafted in response to our opinion of March 3, 1983, which found that the Department of Revenue is not authorized to issue a permit for Monte Carlo/Casino Night activities. A copy of that opinion is attached.

The bill (Sec. 2) amends AS 05.15.100 to authorize the department of revenue to issue a permit to a municipality or a qualified organization (a qualified organization is one that has been in existence for five years and meets the other requirements set forth in AS 05.15.210(15)) to conduct activities involving playing cards, dice and numbers wheels. Only one activity may be conducted in a year and a separate permit must be obtained for each event.

Honorable Barbara Lacher  
Representative  
Alaska State Legislature

April 15, 1983  
Page 2

An applicant for a permit is further required to obtain approval from the nearest law enforcement agency. (Sec. 1). This is in addition to the requirement in current law under AS 05.15.030 to notify the nearest unit of local government at the time of application for a permit.

The bill (Sec. 3) also makes certain technical amendments to clarify the meaning of authorized activities.

We hope this information is useful to you. If you wish additional assistance, please contact us.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:  
Diane T. Colvin  
Assistant Attorney General

DTC:eja

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 455-2300

June 7, 1983

The Honorable Mitchell Abood  
Chairman  
House State Affairs Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Chairman:

Keith Levy gave us a copy of the draft of what is now entitled House CS for CS for Senate Bill No. 265 (State Affairs), an Act relating to permits issued for games of chance and contests of skill. I have reviewed it and have several suggestions.

Pursuant to Representative Ron Larson's concern for the famous "Rat Game" or "Hamster Game" at the Alaska State Fair in Palmer being considered a "numbers wheel" under the definition of the Bill, the definition of one activity was changed from "a single event lasting no more than three consecutive days" to "an authorized state fair or a single event lasting no more than three consecutive days."

There are two areas of concern with this amendment. First, there is a difference of opinion on whether the rat is merely terrified by the crowd and is diving for a hole or whether the rat is also dizzy, riding, and searching for a hole on a spinning table. If the table is spinning, it would come under the proposed definition of numbers wheels because it would be comparable to a roulette wheel with a live animal being used to select the winning number instead of a steel ball. If the table does not spin, it would not be a wheel and would be outside of the definition of "numbers wheel" and the reach of the Act.

Our understanding is that the rat game does not spin. If the table truly does not spin, it would not be a wheel and would not be encompassed under the Monte Carlo provisions of the Bill. The game is currently called a "Hamster Game" in

The Honorable Mitchell Abood  
June 7, 1983  
Page 1

15 AAC 105.120(5)(K) and is authorized as a special draw raffle. By enacting the Bill in the form presented to your committee, CS for SB 265 (State Affairs), the rat game's status as a special draw raffle and its exclusion from the three-day limitation would continue.

However, if the rat game does spin, we recommend changing the period of an activity back to the three consecutive days (i.e. take out the state fair language) and change the definition of "numbers wheels" to exclude the rat game:

(23) "numbers wheel" means any electronic, mechanical, or other device with numbers or other figures that are selected randomly and used in a game of chance in which the outcome is determined by the number or figure selected by the device; not including Hamster games in which a hamster is placed in an enclosure with several numbered exit holes where the winner is determined by which hole the hamster enters, or slot machines or other devices that operate by insertion of a coin or other object that may entitle the person operating the machine to receive a prize by strict dependence on the element of chance.

The second problem with the amendment is with the wording of the amendment itself. I do not know what an "authorized state fair" is. Representative Mike Miller mentioned something about a state fair board or other type of certifying group, but all we have been able to find in Alaska law are provisions in AS 03.20 relating to state aid to agricultural and industrial fairs. Presumably, anyone could operate a "state fair" with the only distinction between fairs being that some get state aid and others do not. Along with the problem of what comprises an authorized state fair is the period of the fair itself. There are no time limits in the law, but take note of several rain festivals in Southeast Alaska which advertise the period as January 1 - December 31.

In the original definition of "one activity" it was intended that the qualified organization or municipality could operate an event lasting no more than three consecutive days. The new wording reads as if the state fair would be the qualified organization in the case of games at the fair. I do not believe that is the intent of the amendment because the example at the hearing was the operation of a game by an Elks Club. If the period of a state fair is used to measure the period for an activity, the following definition would better reach the intent of the concerned member of your committee:

*Handwritten note:*  
Hanson  
Scrup  
is definitely  
does spin

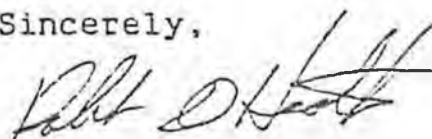
The Honorable Mitchell Abood  
June 7, 1983  
Page 2

For the purpose of this subsection, "one activity" means a single event lasting no more than three consecutive days or, for an activity conducted at an agricultural or industrial fair receiving state aid under the provisions of AS 03.20.010 - 03.20.080, for the period of the fair or 10 days, whichever is less.

Thus, there are three alternatives: 1) enact the bill in the form presented to your committee because the rat games are classified as special draw raffles under current law and therefore are not the subject of the Monte Carlo provisions; 2) return the period of an activity to a maximum of three days (which would not open state fairs up to gambling) and amend the definition of what constitutes a numbers wheel; 3) rework the language of the time period of an activity to limit the period of the authorized games in line with legislative intent. We believe either of the first two alternatives to be preferable to the third.

I hope what I have presented in this letter will be helpful to you as the Bill goes into the House Finance Committee. If we may be of further assistance to you, please call me or Donald M. Bullock, Jr. with whom you have previously been in contact.

Sincerely,



Robert D. Heath  
Commissioner of Revenue

RDH:DMB:jas

EXPLANATION OF CHANGES MADE IN PROPOSED HCS CS SB 265 (FIN)

The actual changes are shown on the draft bill.

The purpose of these changes is to insure that the "hamster game" or "rat game" conducted by the Elks Club at the Palmer State Fair can continue. The House State Affairs Committee attempted to clear up this problem, but the Department of Revenue found problems with their language, fearing that illegal gambling at the Palmer fair could result.

The new language reflected in this committee substitute has been agreed to by DOR. It removes the "hamster game" from the definition of a numbers wheel so that it could continue for more than three days. The Elks' operation of a "hamster game" is currently regulated by DOR as a special draw raffle. This regulation would continue under the proposed language in this draft bill.

In sum, Monte Carlo Night and the "hamster game" can continue, and there is no possibility of illegal gambling at the Palmer fair.

Key: — new language  
[...] deleted language

Levv  
6/15/83

Original sponsors: V.Fischer, Faiks,  
Josephson, et al

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 265 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of  
7 chance and contests of skill."

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

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other device with numbers or other figures that are selected randomly and used in a game of chance in which the outcome is determined by the number or figure selected by the device; not including games in which a hamster or other animal is placed in an enclosure with several numbered exit holes and the winner is determined by which hole the hamster or other animal exits, or slot machines or other devices that operate by insertion of a coin or other object that may entitle the person operating the machine to receive a prize by strict dependence on the element of chance.

\* Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to read:

(C) an activity authorized by the commissioner of revenue under AS 05.15.010 - 05.15.210;

Introduced: 4/19/83  
Referred: State Affairs and  
Finance

BY V, FISCHER, FAIKS,  
JOSEPHSON, STURGULEWSKI,  
PETTYJOHN AND P. FISCHER

1 IN THE SENATE

2

SENATE BILL NO. 265

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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Offered: 4/30/83  
Referred: Finance

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5/19/83

Senator Vic Fischer  
Sectional Analysis CSSB 265 (SA)

Sec. 1 - Adds a requirement that a municipality or a qualified organization must notify and receive written approval from a local law enforcement agency before a permit for a game of chance or contest of skill may be issued by the Department of Revenue.

Sec. 2 - Limits the number of permissible events to one activity per year. An "activity" may last no more than three consecutive days.

Sec. 3 - Adds a requirement that a municipality or qualified organization must disclose the name and address of each person responsible for the operation of the activity and whether any person named 1) has ever been convicted of a felony or a gambling misdemeanor or 2) has a prohibited financial interest, as defined by regulation, in the operation of the activity. A permit may not be issued for an activity operated by a person convicted of a felony or gambling misdemeanor.

Sec. 4 - Repeals and reenacts the section authorizing the payment of expenses related to conducting a game of chance or contest of skill. Authorized expenses are limited to 1) goods necessary for operation of the activity, 2) personal services not involved in the operation of the activity [e.g. a plumber or maintenance person] and, 3) personal services performed by an employee or consultant of a municipality or qualified organization provided that the compensation is not related to the receipts from the activity.

Sec. 5 - Amends a limitation on authorized activities to allow the use of cards, roulette wheels, etc. in conjunction with "monte carlo night" type activities. Also exempts "monte carlo night" type activities from a prohibition against these activities unless they existed before January 1, 1959.

Sec. 6 - Limits the use of cash in permitted activities. No cash prizes may be awarded. Chips or script must be used in lieu of cash and can only be exchanged for prizes. Additional limitations may be established by regulation.

Sec. 7 - Changes the existing penalty provision to conform to classification under the new criminal code and adds a penalty for lying on an application for a permit.

Sec. 8 - Adds a definition of "numbers wheel."

Sec. 9 - Excludes "monte carlo night" type activities which are authorized by the Commissioner of Revenue from the definition of "gambling" in the criminal code.