

SB

273

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-17-88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

FURTHER: LABOR & COMMERCE
JUDICIARY
FINANCE

4/23/87

DATE TURNED INTO OFFICE 3/30/88

Mr. President:

STATE AFFAIRS Committee considered SB 273

authorizing gambling enterprises; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Rich Kelly (No Rec)
Walter Kestlet (No Rec)
Joe Josephson (No Rec)

Sen. [Signature]
Chairman signature and recommendation

Committee Backup Attached

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: Senator Mitch Abood, Chairman
Senate State Affairs Committee

FROM: Senator Bettye Fahrenkamp

DATE: March 24, 1988

RE: SB 273 An Act authorizing gambling enterprises; and providing for an effective date.

What the bill does

SB 273 would authorize casino style gambling on a limited basis in municipalities (with local voter approval), unincorporated areas, and on the Alaska Marine Highway and tour ships.

Background

I introduced this bill because I believe gambling enterprises will make a contribution to the prosperity of the state in a time of declining and uncertain state revenue. It would enhance Alaska as a tourist destination and create jobs. We already allow forms of gambling such as bingo, Monte Carlo nights, and pool classics, and it's no secret that other forms of gambling take place right now.

Limited Gambling Authorized by the bill

SB 273 authorizes limited casino style gambling. I believe that once made legal, these gambling enterprises can be conducted honestly, free from criminal and corrupt persons and practices. I do not believe it will engender the high roller style gambling found amongst the glitz and glitter of Las Vegas.

Gambling under SB 273 is limited in the following ways:

- * Municipalities must adopt an ordinance regulating gambling and have it ratified by a majority of voters within its boundary.

* Only card, dice, and number wheels would be allowed, the kinds of games played at the turn of the century in Alaska. No slot machines would be allowed by this measure.

* A gambling enterprise within a municipality must enhance the historic character of the municipality. No glitz and glitter, no chrome and glass.

* Gambling enterprises may not extend credit to its patrons. Large cash or credit transactions provide an opportunity for loan sharks and quick buck artists.

Revenue Distribution

Municipalities may decide to run gambling operations themselves, or license the operation, and must pay three and one half percent of gross revenues to the Department of Revenue.

Licensed operators in unincorporated areas must pay fifty percent of the net proceeds to the department.

All of the revenue derived from gambling on ferries would be deposited in the general fund.

In recognition that a small percentage of gamblers can become compulsive, one half a percent of state income from gambling may be appropriated by the legislature for treatment and counseling.

Sectional Analysis

See attached.

MAR 21 1988

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 21, 1988

SUBJECT: Section-by-Section Summary of SB 273,
An Act authorizing gambling enterprises

TO: Senator Bettye Fahrenkamp

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is a section-by-section summary of SB 273 as requested by Tom Moyer of your staff.

A section-by-section summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill states the policy which the Legislature seeks to implement by enacting this bill.

Section 2 of the bill amends AS 05 by adding a new chapter.

CHAPTER 16. LEGALIZED GAMBLING.

Sec. 05.16.010 establishes the conditions under which gambling is permitted.

A person under 21 years of age may not gamble. Only card and dice games and numbers wheels are permitted. A person who operates a gambling enterprise, or an employee of a gambling enterprise may not extend credit to a patron of a gambling enterprise. A person may not receive a permit to operate a gambling enterprise or be employed by a gambling enterprise if the person has been convicted of a state or federal felony or gambling offense. Only a person who has completed classes on gambling at a school in a state where gambling is legal may be employed by a gambling enterprise. An employee of a gambling enterprise may not gamble while on duty for the gambling enterprise.

Within municipalities, the municipal government regulates gambling enterprises. Outside of municipalities, the Department of Revenue regulates gambling enterprises.

Sec. 05.16.020 authorizes the Department of Revenue to regulate gambling enterprises outside of municipalities, on state ferries, and on tour ships. Gambling may be conducted at the place and under the terms established in the license.

Municipalities within 10 miles of the location of a proposed gambling enterprise and law enforcement agencies must receive notice of and may comment on applications for a license for a gambling enterprise. Public hearings must be held in the vicinity of the proposed gambling enterprise before the license is issued. The department shall consider comments received on an application for a license. The department shall also consider the economic impact of a proposed gambling enterprise on gambling enterprises licensed by municipalities when it reviews applications for a gambling enterprise outside of a municipality.

The department may attach conditions to a license that limit the games that may be played, the hours of operation, and the availability of alcoholic beverages.

Sec. 05.16.030 provides that the Department of Revenue may adopt regulations necessary to implement AS 05.16. Among the regulations which the department may adopt are regulations relating to issuance renewal, suspension, and revocation of licenses, financial records of gambling enterprises, investigations of licensees and their employees, exclusion of certain persons from a gambling enterprise, conduct of gambling, accounting procedures, license fees, amounts of wagers, disclosures of financial interests in gambling enterprises, rates of return, dispute resolution procedures, bonds, and reports by municipalities.

Sec. 05.16.040 provides that the Department of Revenue may audit the records of gambling enterprises.

Sec. 05.16.050 requires that licensees provide monthly reports to the Department of Revenue.

Sec. 05.16.060 provides for the distribution of the net proceeds of a gambling enterprise. Half of the net proceeds of a gambling enterprise shall be paid to the Department of Revenue. Money received by the department shall be placed

into the general fund. This money may be appropriated to the department for implementation of this chapter, except that one-half percent may be used for treatment and counseling of compulsive gamblers.

Sec. 05.16.070 requires the Department of Revenue to issue a license for a gambling enterprise on state ferry vessels, if the commissioner of transportation and public facilities requests a license. The proceeds of a gambling enterprise on a state ferry may be used to fund the operations of the Alaska Marine Highway System.

Sec. 05.16.080 requires the Department of Revenue to cooperate with municipalities in the regulation and administration of gambling within municipalities.

Sec. 05.16.090 requires the Department of Revenue to make a report to the Governor and the Legislature by March 1 of each year.

Sec. 05.16.900 defines "department", "gambling", "gambling enterprise", and "tour ship".

Section 3 of the bill amends the definition of gambling in the criminal code so that it does not include gambling conducted under a license issued to a gambling enterprise by the state or a municipality.

Section 4 of the bill amends the definition of gambling enterprise in the criminal code so that it does not include a gambling enterprise licensed by the state or a municipality.

Section 5 of the bill adds regulation of gambling to the list of limitations on powers of home rule municipalities under AS 29.10.200.

Section 6 of the bill amends AS 29.35 by adding new sections related to the regulation of gambling enterprises within municipalities.

Sec. 29.35.600 authorizes a municipality to operate or license a person to operate a gambling enterprise within the municipality if the gambling enterprise enhances the historic character of the municipality, the municipality adopts an ordinance regulating gambling enterprises, and the ordinance is ratified by the voters of the municipality.

Sec. 29.35.610 establishes the requirements for a municipality that regulates gambling.

The municipality must adopt an ordinance regulating gambling. The ordinance must establish a commission responsible for licensing and regulating gambling enterprises, establish qualifications for members of the commission, provide for issuance, renewal, suspension, and revocation of licenses for gambling enterprises, establish the terms and conditions under which gambling is permitted, provide for distribution of the proceeds of a gambling enterprise, require disclosure of persons having a financial interest in a gambling enterprise, and require detailed records.

Gambling within a municipality is limited to card and dice games and numbers wheels. The municipality may regulate the availability of alcoholic beverages at a gambling enterprise. Members and employees of the municipal gambling commission may not participate in or have a financial interest in a gambling enterprise.

A municipality that regulates gambling must submit a report each year to the Department of Revenue.

Sec. 29.35.620 provides for the distribution of proceeds of gambling enterprise licensed by a municipality. Three and one-half percent of the gross proceeds of a gambling enterprise shall be paid to the Department of Revenue for deposit into the general fund. The municipality shall receive all of the proceeds of a municipally operated gambling enterprise less the 3½ percent paid to the Department of Revenue. The municipality shall receive that portion of the proceeds of a gambling enterprise licensed by the municipality and operated by someone other than the municipality, that the municipality and the licensee may agree upon, provided that 3½ percent of the gross receipts is paid to the Department of Revenue.

Sec. 29.35.630 provides that a municipality may dedicate the revenue derived from a gambling enterprise to a public purpose.

Sec. 29.35.640 provides that AS 29.35.600 - 29.35.690 apply to home rule and general law municipalities.

Senator Bettye Fahrenkamp
Page 5
March 21, 1988

Sec. 29.35.690 defines the terms "gambling" and "gambling enterprise".

Section 7 of the bill provides that the bill takes effect immediately.

GU:bb
b4/027

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act authorizing gambling enterprises..."
Sponsor: Fahrenkamp
Requestor: State Affairs

Agency Affected: Revenue
BRU: Income and Excise Audit Division
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES		247.2	247.2	247.2	247.2	247.2
TRAVEL		6.0	6.0	6.0	6.0	6.0
CONTRACTUAL		32.0	14.5	14.5	14.5	14.5
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		290.2	272.7	272.7	272.7	272.7
CAPITAL						
REVENUE			250.0	500.0	750.0	1000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		290.2	272.7	272.7	272.7	272.7
FEDERAL FUNDS						
OTHER						
TOTAL		290.2	272.7	272.7	272.7	272.7

POSITIONS:

FULL-TIME		5.0	5.0	5.0	5.0	5.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
See Attached

Prepared By: Steven E. Kettel Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: March 24, 1988

Approved by Commissioner: Hugh Malone Date: 3/24/88
Agency: Department of Revenue

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Prepared By: Steven F. Kettel
Income and Excise Audit Division
March 24, 1988

SB 273 ANALYSIS

Personal Services

<u>Position</u>	<u>Range/Step</u>	<u>FY 89 Budget</u>
Clerk III	8A	\$29.4
Tax Examiner II	12A	\$34.0
Revenue Auditor IV	20A	\$55.9
Revenue Auditor IV	20A	\$55.3
Revenue Audit Supervisor I (Chief of Gaming)	24A	\$72.0
	TOTAL:	\$247.2

Travel

Associated travel to conduct hearings, audits, and/or investigations		\$6.0
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Contractual

Training		\$8.0
Telephone		\$2.5
Printing		\$4.0
Chairs		\$5.0
Modular Offices		\$9.0
5. drawer Legal Files		\$3.5
	TOTAL:	\$32.0

Supplies

Office Supplies	TOTAL:	\$5.0
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Prepared By: Steven E. Kettel
Income and Excise Audit Division
March 24, 1988

SB 273 ANALYSIS

The Department of Revenue believes its primary responsibility is to collect, invest, and share state revenues. Although we do have several programs in the department which are indirectly related to that program, the administration of gambling contemplated by this bill would be difficult to accomplish with our present expertise. We would suggest perhaps a Gaming Commission be established or locate the administration of this program in another department, such as Commerce. Based on the bill as currently drafted we have prepared the fiscal note with the administration being accomplished by creating a gaming unit in our Income and Excise Audit Division.

Personal Services

Under the bill "strict" regulation and control would be required to accomplish this in conjunction with Public Safety. The Department of Revenue would be responsible for licensing, auditing, collecting tax and generally administering the gaming laws. The department would be required to conduct public hearings on each gaming enterprise license, do investigations, conduct audits and review financial reports of the gaming enterprise.

This activity would require the department to create a gaming unit, comprising of a chief to supervise the gaming unit and act as lead auditor during audits and/or investigations. Two auditors would be required to do the auditing of financial statements, conduct investigations of personnel and review the methods and manners of the enterprises accounting system for receipts and disbursements. A tax examiner would be required to process returns, issue licenses and provide assistance to the public. A clerk typist would be utilized by all positions in the unit.

Revenue

This revenue estimate is at best a guess. It is assumed that the earliest the gaming enterprises could operate is during FY 90. Based on the proposed bill, 50% of net proceeds of all operations outside municipalities would be collected by the department on a monthly return. The department believes a net proceeds tax filed on a monthly basis would be very difficult to prepare and a burden to the gaming enterprise. Revenue would also be received from gaming activities on state ferries. Additionally, gaming enterprises within municipalities would pay 3.5% of gross proceeds to the department. It is very difficult to estimate what the actual revenue would be. Many factors are involved. Currently, as we understand it, three municipalities: Fairbanks, Nome, and Skagway, have expressed their desire to have these activities in their communities. In order to do a more comprehensive revenue projection, specific details would be required, such as how many and what type of games would be on the marine Highway System.



*Great American
Cruise Lines Ltd.*

At Point Of Mailing

10695 Salisbury Drive,
Surrey, B.C.
Canada.
V3R 6Y9

23rd March 1988

The Office of Senator Bettye Fahrenkamp,
Alaska State Legislature,
Pouch V,
Juneau, Alaska
99811

Attn: T.Moyer Esq.
Executive Assistant

Dear Sir.

Re: Alaska State Gambling Legislation

Further to our telephone conversations over the period commencing on the 4th of January this year until the present, I should like to confirm the the interests of Great American Cruise Lines Ltd in developing a destination ship/hotel at Skagway Alaska, together with mini cruise ship operations based on the hotel.

For the purpose of the permanently moored ship/hotel, Great American have purchased the Canadian Pacific cruise vessel, Princess Patricia, and are actively seeking suitable mini cruise vessels which will transport our guests on daily or longer cruises.

The development of Great Americans project in Skagway will acquire for the city a significant additional employment base and tax revenue. We estimate that the hotel will employ some seventy five people during the operating season, while maintaining approximately five permanent jobs. However the nature of the tourist industry in S.E.Alaska is by fact a very seasonal one with more than a little risk to the investor, and the opportunity to offset this risk by being able to offer to the general public year round entertainment is likely to attract a continueing clientele and support year round operation, increase the permanent employment opportunities in the town, as well as increase the revenues to the the State of Alaska and the municipality of Skagway.

Great American would like to be on record as actively supporting Senator Fahrenkamp's bill in the state legislature in "An act authorizing certain municipalities to conduct limited historic gambling enterprises" We believe this bill will provide the additional incentive for our company to commit to the capital outlay, which in our case will exceed eight million dollars, attract to the state additional year round employment as well as generate new state and municipal revenues.

We appreciate the opportunity of adding our support to the passage of this worth while legislation and would appreciate being kept abreast of it progress through the legislature.

Yours faithfully.

GREAT AMERICAN CRUISE LINES LTD.

A handwritten signature in dark ink, appearing to read "Robert C. E. Kitching". The signature is somewhat stylized and includes a horizontal line extending to the right.

Captain Robert C.E. Kitching
Senior Vice President

TESTIMONY ON SB 273
AUTHORIZING GAMBLING ENTERPRISES
FOR THE SENATE STATE AFFAIRS COMMITTEE
March 25, 1988
Fairbanks Legislative Information Office

WITNESS REGISTER

Alan M. Armbruster
P. O. Box 58509
Fairbanks, Alaska 99711

Susan Knapman
1215 Choctow Road
Fairbanks, Alaska 99705

Charles R. Johnson
Box 1341
Fairbanks, Alaska 99707

Lloyd Yunker
864 Grubstake Road
Fairbanks, Alaska 99712

Pam McLaughlin
5550 Steese Highway
Fairbanks, Alaska 99712

PREVIOUS SENATE COMMITTEE ACTION

There was no previous Senate Committee action on this bill.

Due to the cancellation of the Senate State Affairs Committee's teleconference for this date, Senator Fahrenkamp, prime sponsor of the bill, took the following testimony to be included in the public record.

Alan Armbruster

Alan Armbruster commented that he has reviewed the bill and supports it, although he felt it should include slot machines. In response to his questions, Tom Moyer, Aide to Senator Fahrenkamp said research was done on the turn of the century period and the games allowed under the legislation were the types of games commonly played at that time; the slots were not here then. Mr. Armbruster felt that in order to capture the tourist trade, slot machines should be available as the world traveller is more accustomed to this type of gambling.

Senator Fahrenkamp asked if he were suggesting an amendment to that section; Mr. Armbruster said "yes" for the simple fact that slot machines are available in Las Vegas, Reno, and Atlantic City, and the 25 cent machines seem to be the most popular.

Mr. Armbruster also felt the percentage of the net proceeds (50%) to be paid to the Department was high. Senator Fahrenkamp responded that the percentage level applied to

unincorporated areas of the state where there is no local government benefiting from the income; the incorporated areas will pay 3.5% of the gross.

Susan Knapman

Susan Knapman was next to comment on the bill. She is speaking on behalf of herself and as Marketing Specialist for Arctic Circle Hot Springs. They support the bill, and their concern was that they thought you had to be in an incorporated area to participate. Senator Fahrenkamp clarified the misunderstanding that they could participate; however, there are different guidelines for unincorporated areas (see above).

Charles Johnson

Charles Johnson was next to come to the table. He and his wife favor the bill. They live in the historic area of Fairbanks and felt it would be a strong attraction for tourists and a good source of revenue. He also supports the inclusion of slot machines, although he understands the bill may be more palatable to some of the people who oppose gambling if slot machines were not included.

Lloyd Yunker

Lloyd Yunker, a fund-raising consultant, resides in Fairbanks and for the past two years has represented about a dozen organizations which used the pull-tabs to generate income. He has read the bill and supports it. He thinks it has been clearly demonstrated in the limited gaming we have had that it is attractive and does generate new dollars. Further it has increased employment and economic benefit to the community. It would be highly attractive for the tourists. He has two concerns regarding the method the proceeds are handled: (1) recommends language directing the funds for the preservation and restoration, etc., of historic sites. If we left something completely up to the discretion of the municipality (such as the Fairbanks North Star Borough or City of Fairbanks), it might somehow preclude funds derived from this source from being able to support Alaskaland, for example. (2) With regards to an unincorporated area or private operator where they own a historic site, it is unclear how these funds might be directed into maintaining or enhancing the site as a part of the historic vestige of Alaska.

Senator Fahrenkamp said they worked with the Department of Revenue on this matter. In those instances where it would occur in the borough areas, they would need to have ordinances approved by the voting public within the municipalities or boroughs. The Department's regulations will control what happens outside those areas. Further, the

Legislature can't dedicate funds, so all funds have to go to the general fund, but there could be intent language or something to indicate a certain percentage go towards historic preservation. Hearings would also be held at the time the regulations are promulgated, and it would be appropriate to have it added at that time.

Mr. Yunker added he hoped it would not negatively impact the non-profit organizations' opportunity to use pull-tabs to raise income. He thought it would only enhance the activities.

Pam McLaughlin

Pam McLaughlin commented on behalf of herself and her husband, Larry, who own the old F. E. Company Gold Camp, Chatanika, which is a historic town officially recognized by the federal government, and has been an unincorporated town since 1807. They support the bill. She has done extensive research since 1983, and has made a picture catalogue of clippings on gambling. She has also solicited signatures in this regard and she has over 300 signatures that she acquired within a three month period last year in support of historic gambling. The petition was only circulated at the Gold Camp, not statewide. The language, in part, said the enterprises shall be located only in historic districts or parks established to preserve or to recreate the historic character of the municipality, and the economy of the municipality must depend substantially on tourism.

She works closely with the non-profit organizations that use pull-tabs and one of the complaints she has heard from the Department of Revenue was, it does not have the financing or help to assist the organizations. She felt if the bill was passed, more revenue would be generated so the Department would be able to provide more help in this area, and it would benefit the municipalities, also.

She displayed some clippings which represented how the city of Dawson has improved its image, with the help of gambling. In addressing the slot machines, the Dawson City Manager indicated the maintenance cost is high, and it increases the probability of "machine bandits" (experts who know how to steal from the machines). They felt by limiting the types of games of chance in historic areas, they had less theft and lower maintenance. They did not think they would be able to take on that type of challenge. Since 1952, the Klondike Visitors Association, which runs the gambling in Dawson, was originally promoted by Father Bob, a Catholic Priest who believed in God helps those who help themselves, who initiated many fine goals illustrated in the pictorials.

She recited the benefits to Dawson as: restoration funds have been distributed among the local businesses in grant form which, in turn, has dropped local unemployment to less than 1%, and school funding derives 50% of its budget from historic gambling. There is no local land taxation, and there has been no increase in the crime rate per capita. Due to a generous supplement to the retirement center and the retirement home, they have shown an increase in the longevity of residents of early pioneers. She reiterated that this program started in 1952, so the results did not come overnight.

Mrs. McLaughlin continued that people don't go to the establishments just for gambling, but the excellent plays and musicals, etc. There is a great deal of Alaskan money in Dawson and she would like to see that money invested in our own state. She had warned people years ago that when the oil money stopped coming, we would need something to replace the lost revenues. With the focus on tourism, we need to provide more attractions to keep them here longer. She provided Senator Fahrenkamp a draft, prepared by a student from the University, which could be used to send to local people about historic gambling.

She felt the opponents of the bill were opposed to gambling, not historic gambling. She commented on the numerous articles in her book. Glenn Miller, Editor of Gambling Times magazine does surveys and work on historic gambling. He shows where the small municipalities definitely derive a benefit from it locally. Chuck Holloway, City Manager of Dawson, said if Alaska gets historic gambling, they will be worried as it will hamper their chances of getting the tourists' money.

Funds that were available for historic projects when Governor Sheffield was in office, are no long available. There is no source of revenue other than the federal government, and that has been drastically reduced. She would like to see the availability of funding, through grants, on a matching basis of some sort.

Senator Fahrenkamp thanked all the participants for coming and Tom Moyer added that Chairman Abood had rescheduled the hearing on the bill for March 30, 1987.



CITY OF FAIRBANKS

Office of City Manager
410 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
907-452-1881

January 19, 1987

Mr. Tom Moyer
c/o Senator Fahrenkamp
P.O. Box V
Juneau, Alaska 99811

Dear Tom:

Please find enclosed the News-Miner article pertaining to our historic gambling work session. The City Clerk's Office is preparing the final minutes of that meeting and will forward same to you upon completion. Thank you for providing us with the opportunity for this input, and we will stay in touch. Best wishes to you and Senator Fahrenkamp in the 15th Session.

Very truly yours,

A handwritten signature in cursive script that reads "Brian C. Phillips".

BRIAN C. PHILLIPS
City Manager

BCP/jlj

cc: City Clerk



BOOSTING GAMBLING—Gambling in historic districts will mean jobs, a boost in tourism and related spending here and in local revenue, Pam McLaughlin tells the Fairbanks City Council Tuesday. Gambling is part of Alaska's history, she said, and "Alaskans are still gamblers at heart."

Randy Belinsky/News-Miner

The subject is gambling and they all have their own views

By SUSAN FISHER
Staff Writer

Finding community consensus in backing a state bill to allow gambling in Fairbanks may be a tougher task than advocates figured, if debate Tuesday was any indication.

A Fairbanks City Council work session on the subject of gambling in historic districts drew nearly 20 citizens Tuesday afternoon, and there were diverse views.

Mayor Bill Walley told the audience the council has talked about the gambling issue, but has taken no positions. It was also indicated that Rep. Mark Boyer, D-Fairbanks, is awaiting the council's decision before he introduces a bill.

Sen. Bettye Fahrenkamp, D-Fairbanks, introduced a bill in 1985 that would have allowed gambling in historic districts, if approved by a vote of the local community. Essentially the bill would have benefited Fairbanks and Skagway. It died last year when a senator refused to allow it out of committee.

With declining revenue for state and local governments and concern over operating costs of the city's Alaskaland theme park, the interest in gambling, particularly during the tourism season, has gained a base of support locally.

But not everyone agrees that gambling is a good idea, or that Alaskaland should be the place for it. Among questions raised Monday

was whether alcohol would be served at the gambling place, what kinds of gaming would be allowed, whether gambling would be restricted to only one establishment, and what are the social costs tied to gambling.

Pam McLaughlin's testimony dominated the meeting. McLaughlin, an operator of the historic Old F.E. Co. Camp in Chatanika, has promoted historic gambling the past four years. She visited Dawson City, Canada, a community that attracts tourists to its casino, and did her own research of Dawson's efforts.

Dawson City organized a commission that oversaw the gambling (See **GAMBLING**, Back Page)

GAMBLING

(Continued from page 1)

plan that's been in place since 1952. McLaughlin said revenues from gambling pay half the school costs there, and support a retirement home. Money has been used to restore and preserve historic sites there.

McLaughlin and John Reeves, owner of the historic Gold Dredge No. 8 in Fox, are among organizers of the National Historic Gambling Coalition, a group that intends to raise money and lobby for a gambling bill.

Joe Paskvan, whose family has operated Tommy's Elbow Room downtown for decades, said he opposed gambling only at Alaska. "I think the only establishment still in existence (in the city) that had gambling 40 years ago is Tommy's," he said, noting the bar had slots and blackjack. Alaska should be kept a family park, he added.

Bruce Stephenson, an ardent advocate of preserving the Riverboat Nenana at Alaskaland, said gambling was prohibited on steamers and it isn't an historic use. He opposes suggestions that the boat be the intended site for gambling.

Bill Whaley, an Alaskaland Commission member, offered the most pointed views. "We had gambling during the years these people are talking about. We also had slaves. We also had child labor. Just because it's historic, do we have to have it?" Whaley asked.

Whaley said gambling will mean drinking. "Declare a free zone. Let it go, let it be frontier. That is historic gambling. But don't bring it into my community," he said. Whaley also said Dawson City may use gambling revenue to support the elderly and schools, "but they do it off someone else's misery."

The meeting ended before Alaskaland Superintendent Terry Leberman could speak. Leberman in the past publicly endorsed gambling at Alaskaland, both as a means of attracting park visitors and raising revenues.

Reeves supported gambling on the riverboat. "It seems like such an ideal place," he said. There should be a cover charge, which would add to city revenues, and Reeves said what's envisioned is "nickel-dime gambling. This isn't big time like you see in Las Vegas."

Dum 1/15/87

CORRECTION

Sen. Bettye Fahrenkamp and not Rep. Mark Boyer is poised to introduce a new bill to allow gambling in historic districts. An article on Page 1 Wednesday quoted Mayor Bill Walley as saying Boyer is ready to introduce a bill. Walley meant to refer to Fahrenkamp aide Tom Moyer. Fahrenkamp's staff is currently drafting a bill and has invited city council input.

The Daily News-Miner's policy is to publish corrections on the front page if the error being corrected appeared there. Other corrections appear on Page 3.

PUBLIC OPINION MESSAGE

MAR 28 1986

DEAR: SENATOR FAHRENKAMP

NAME: RICHARD GRAVENSTEIN
TITLE:
ADDRESS: 1679 KIVALINA
CITY: FAIRBANKS ZIP: 99701
PHONE: 474-0672
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I AM ALL IN FAVOR OF LEGALIZED GAMBLING IN FAIRBANKS.
EOM/HJO

POMID: 07090031
DATE: 03/25/86
TIME: 09:00:31
LICNAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER	COGHILL
DAVIS	FANNING
FRANK	ABOCD
KOPONEN	HENSLEY
MILLER	JOSEPHSON
	UEHLING

PUBLIC OPINION MESSAGE

DEAR: SENATOR FAHRENKAMP

NAME: STEVE FERREE
TITLE:
ADDRESS: 412 BARANOF
CITY: FAIRBANKS ZIP: 99701
PHONE: 452-6497
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I WOULD LIKE TO EXPRESS MY 100% SUPPORT FOR THIS BILL.
EOM/MJO

POMID: 07083949
DATE: 03/25/88
TIME: 08:39:49
LICHAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORS

BOYER
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KOFONEN
MILLER

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FANNING

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PUBLIC OPINION MESSAGE

DEAR: SENATOR FAHRENKAMP

NAME: FRED MARTINSON
TITLE:
ADDRESS: 1536 SCENIC LOOP
CITY: FAIRBANKS ZIP: 99709
PHONE: 479-2594
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I AM IN FAVOR OF THIS BILL.

FOMID: 07091908
DATE: 03/25/88
TIME: 09:19:08
LIONAME: FAIRBANKS LIO

PUBLIC OPINION MESSAGE

MAR 25 1989

DEAR: SENATOR FAHRENKAMP

NAME: LAMONT CRAY
TITLE:
ADDRESS: 1103 JOHN KALINAS ROAD
CITY: FAIRBANKS
PHONE: 483-6821
BILL NO: SB 273
SUBJECT: GAMBLING
MESSAGE: I STRONGLY SUPPORT THIS BILL.

ZIP: 99712

PCNID: 07090141
DATE: 03/25/89
TIME: 09:01:41
LIONAME: FAIRBANKS LIO

State Lotteries Are a Bad Bet — Casinos Pay Four Times as Much

State lotteries are one of the worst bets around, says a gambling expert.

"They offer the worst chances of winning and the worst payoffs among popular forms of gambling," declared Len Miller, editor of Gambling Times magazine.

Incredibly, while a roulette wheel pays out 94 percent of the money that it takes in, the lottery in some instances pays out only 25 percent, Miller revealed.

"People who buy a lottery ticket for \$1 and think that they have any kind of real chance of winning any money — especially the \$20 million jackpot — are fooling themselves!

"What's really unfair is that state lotteries don't immediately pay off the big winners.

"If you win \$1 million in a state lottery, you don't get the \$1 million right away.

"You get \$50,000 a year for 20

By STEVE COZ

years or some similar long-term payout like that.

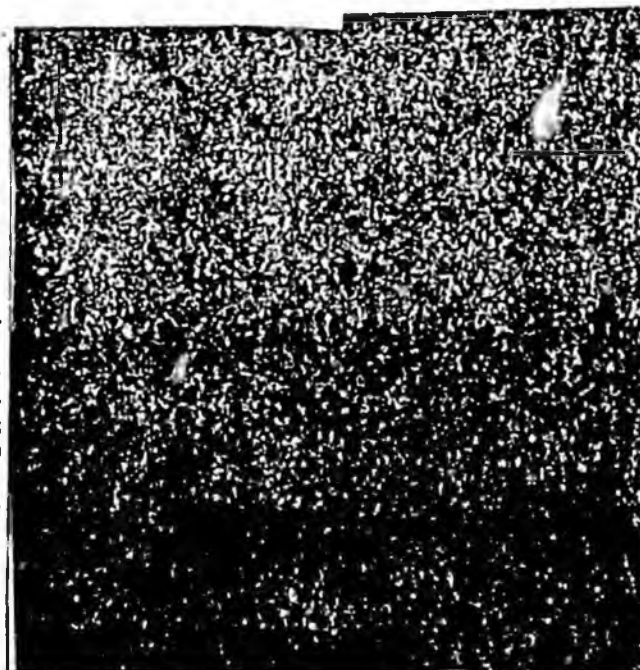
"When you win \$1 million, the state goes to a savings and loan, deposits \$500,000 and says, 'Pay this person \$1 million over the next 20 years.'

"Then the state pockets the other \$500,000.

"They're using \$500,000 to pay off \$1 million. I don't think that's fair. Why shouldn't the winner be able to get the money, invest it and get the interest?"

Twenty-five states and the District of Columbia now have lotteries, according to lottery authorities — and Americans will spend an incredible \$11 billion buying lottery tickets in 1988.

Playing the lottery can be fun and relaxing, Miller said — as long as



you realize you don't have much of a chance of winning. This is my advice — if you bet just \$1 or \$5 a week, the lottery can be fun.

"But if it comes down to where you're betting your lunch money or the money for the baby's milk or whatever — forget it!"

THIS IS A rough
DRAFT (Possible ma?
out to general public)

SENATE BILL NO. 284

AN ACT WHICH WOULD AUTHORIZE

LIMITED HISTORIC GAMBLING IN HISTORIC DISTRICTS

What is your opinion?

Please take a moment and fill out this questionnaire.

Background information:

1. The Alaska legislature will soon consider authorizing limited historic gambling in designated historic districts and parks (ex: Old F.E. Gold Camp, Fox Dredge);
2. A majority of voters in the municipality must approve;
3. A licence to conduct gambling would be required;
4. A mamimum amount of a bet would be established;
5. Gambling would be restricted to persons over 18 years of age.

Survey questions: Please check one answer for items A through D and make any comments on the following lines.

A. Gambling would be a good source of income for municipalities and private businesses affected by this bill.

Agree _____ Disagree _____

Comments: _____

B. Tourism would be directly promoted by the establishment of Limited Historic Gambling.

Agree _____ Disagree _____

Comments: _____

C. Local residents would be more inclined to frequent historic district establishments if gambling were offered.

Agree _____ Disagree _____

D. Competition between businesses which could offer gambling and those which could not would remain about the same because of other factors such as services, location, attractions, etc.

Agree _____ Disagree _____

Comments: _____

Mr. Stan Tyree
1910 Turner St.
Fairbanks Ak. 99701

March 24, 1988

Mr. Abood
Chairman of The Senate State Affairs
Legislative Affairs Office
Fairbanks Ak. 99701

The State Senate Sir:

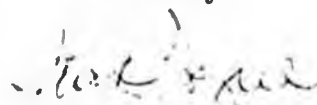
I am writing to voice my support for a bill that concerns historic gambling. Senate bill 273, prepared by Senator Pettey Fahrenkamp.

Sir if I were able, I would drench this letter in tears. Tears shed by friends and neighbours who have left this town in an attempt to find work in the lower forty eight. I would do this to convince you sir, that we as citizens of Fairbanks " The Golden Heart City " have hearts made of a much less durable substance than gold. Our hearts break, and our hearts bleed. I've seen men, proud men, for the first time in their lives knuckle under to hunger and swallow that pride in order to eat and feed their own. When you see a man going through the humiliation of asking for assistance to feed his family, look in his eyes. He won't return your glance cause he was brought up in a society that taught him " only bums don't work " but if you look despite that, nine out of ten times this is what your going to see, shame, shame that he has to sit in some office reduced to a number, telling some lady he's never met how it's not really his fault that he can't find work. Trying to retain what little pride he brought in with him. Also there's a hollow look, a look that says " I never thought this could happen to me, and it scares the hell out of me "

In the city of Fairbanks you, with no trouble at all will find a great many people, quick to explain the evil nature of gambling, but I tell you the hunger and hardship of a depressed economy can bring a community to it's knees, and make a good man turn bad one thousand times faster than any hand of cards on Gods earth.

In closing I would like to say one more thing. I didnt just fall off a turnip truck, I realize this bill isn't the answer to all our problems but it's a step in the direction of recovery. And if we don't take it now what will make us take it.

Sincerely



Stan Tyree

ALASKA LEGISLATURE
COMMITTEE REPORTS
1987-1988

SB 273 - SB 280

5524

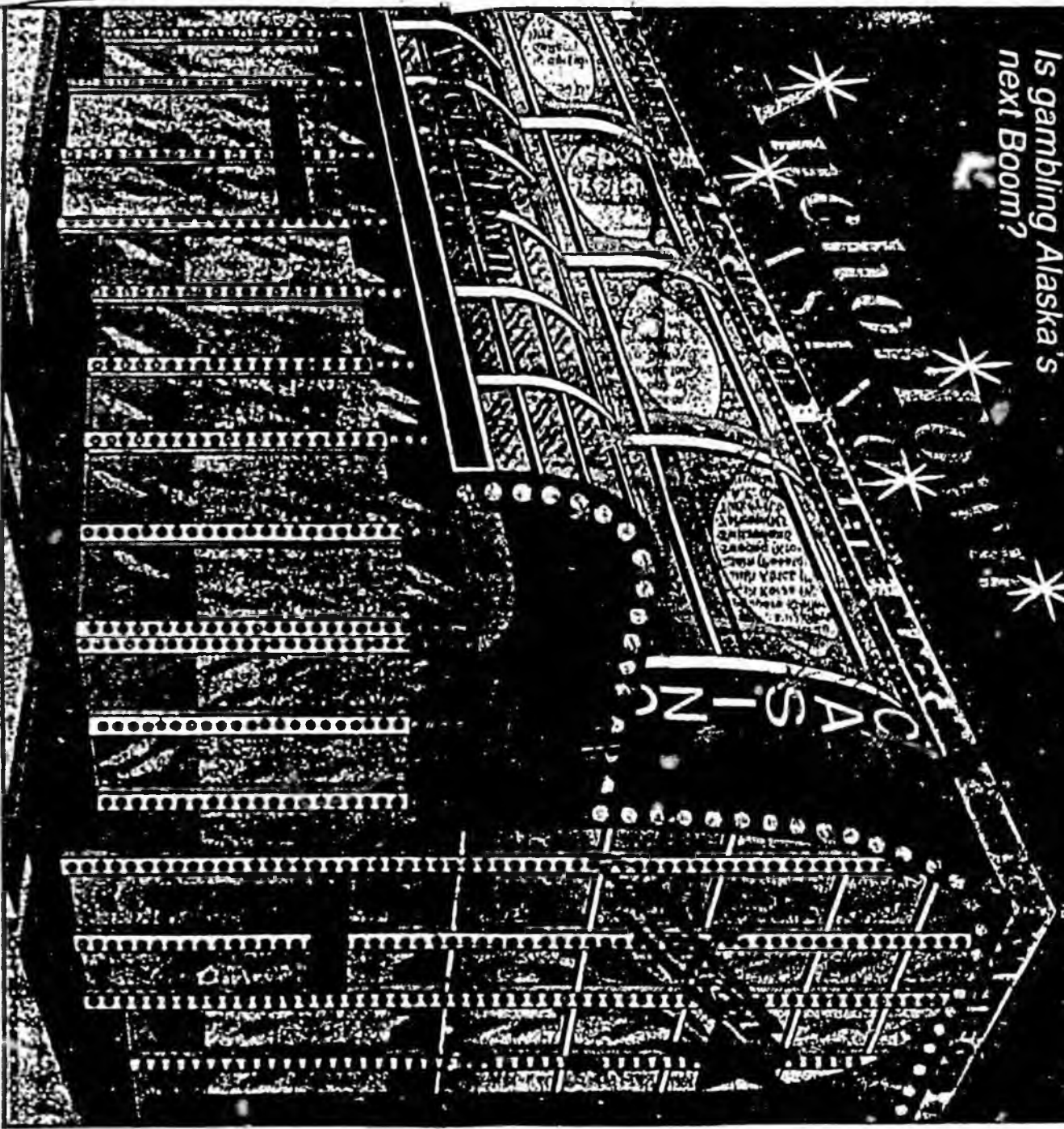
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THE ALASKANS

THE BET ON BETTING

Is gambling Alaska's next Boom?



CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

THIS IS A rough
DRAFT (Possible mail
out to general public)

SENATE BILL NO. 284
AN ACT WHICH WOULD AUTHORIZE
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Agree _____ Disagree _____

D. Competition between businesses which could offer gambling and those which could not would remain about the same because of other factors such as services, location, attractions, etc.

Agree _____ Disagree _____

Comments: _____

E. To what extent would Limited Historic Gambling affect the following groups?

Check one box for each group:

	many positive effects	some positive effects	little or no effect	some negative effects	many negative effects
Minors--under 18 years of age					
Poor people and/or compulsive gamblers					
Illegal gambling activities					
Gambling that is now allowed: bingo, etc.					
businesses in Historic Districts					
General public					

Your responses to the following questions will be helpful in understanding and interpreting this information.

1. Are you a resident of Alaska? (check one) Yes ___ No ___
If yes, for how long? _____

2. Are you registered to vote: (check one) Yes ___ No ___
If not, is this issue important enough for you to do so? _____

3. Please check the correct box. I am:
Female ___ Male ___ Under forty ___ Over forty ___

4. Please indicate your education and/or skills.

5. What is your present occupation and/or lifestyle: _____

6. Do you have any specific religious or moral objections to the establishment of Limited Historic Gambling Enterprizes in designated historic districts or parks? (check one)
Yes ___ No ___

7. How would you vote on this issue? (check one)
Yes ___ Undecided ___
No ___ Need more information _____

8. I would like to have a copy of AK Senate Bill 284. Yes ___ No ___

*****Your help is greatly appreciated!*****
THANK YOU!

Mr. Stan Tyree
1910 Turner St.
Fairbanks Ak. 99701

March 24, 1988

Mr. Abood
Chairman of The Senate State Affairs
Legislative Affairs Office
Fairbanks Ak. 99701

The State Senate Sir:

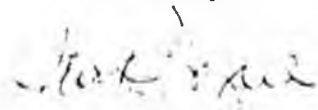
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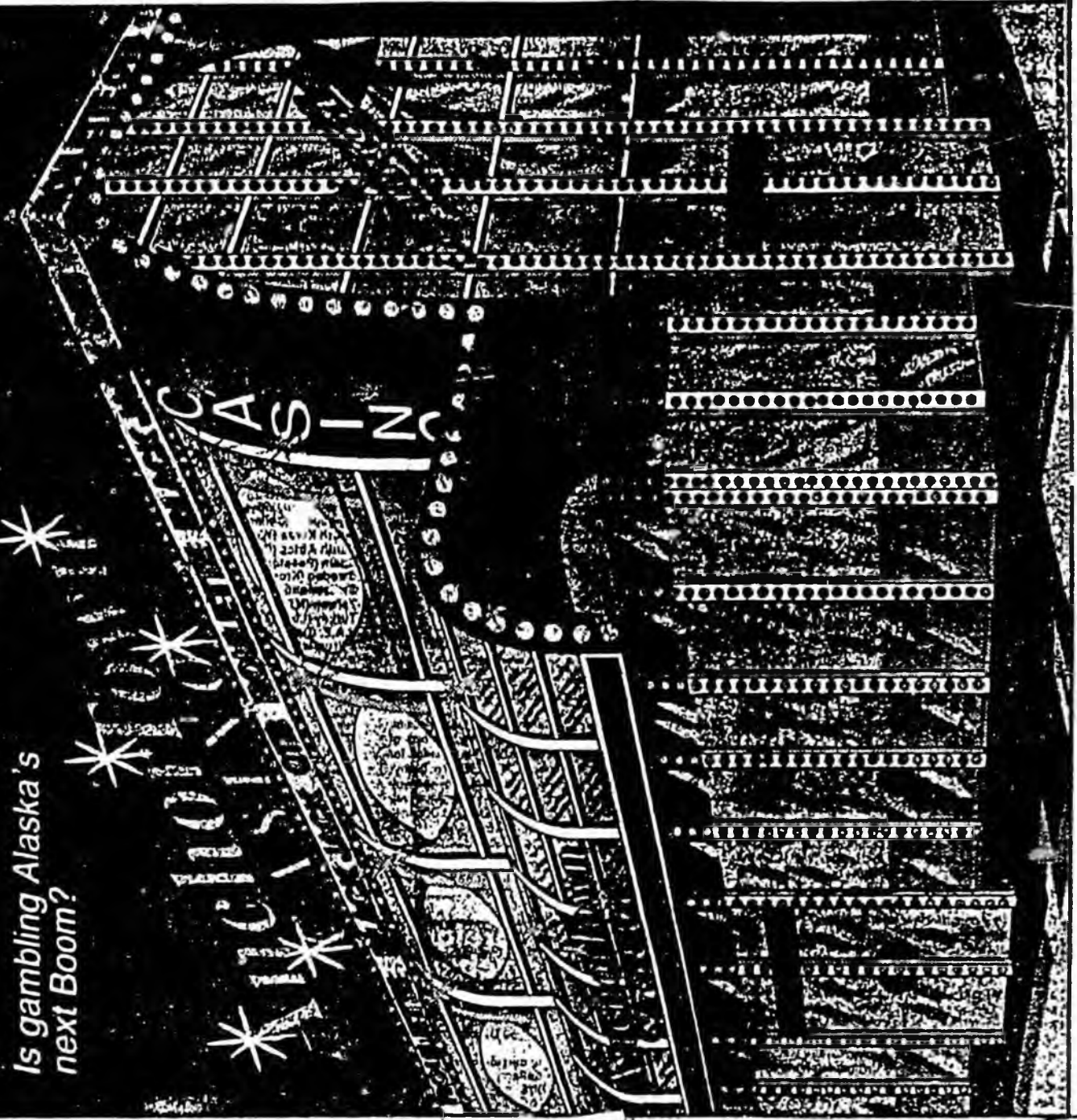


Stan Tyree

The Alaskans

THE BET ON BETTING

Is gambling Alaska's next Boom?



THE NEW GOLD RUS

Despite legal limits, gambling booms in Alaska, and its advocates want

By GEORGE BRYSON

Political consultant and sometimes-professional-fight-promoter Bill McConkey was not happy. It was that preacher again. This time Anchorage Baptist minister Jerry Prevo was rallying his flock against an effort to legalize casino gambling in Alaska — a movement McConkey avidly supports.

Prevo had debated him in public on the subject just recently. And again the preacher had hammered away at the moral consequences to the state.

Moral consequences. McConkey wondered. What moral consequences? What are the moral consequences of all the gambling that already exists in the state? The daily bingo games, the lotteries, the Monte Carlo nights, the dog racing, the "social" poker games, the ice classics, the rain classics, the fish derbies, the office football pools, the barroom instant-cash "rippies"? Wasn't that gambling?

"I mean, gambling is everywhere," McConkey said, sweeping his long boxer's arm through the air of his Eagle River office. "Every Moose Hall, every Elks' Hall, every Lions' Club, all of the bars, the bowling alleys, the churches, the PTA — every institution that is sacred and hallowed to us is running some kind of gambling operation."

"Hey, when I was in Juneau you could get in a poker game any night at the Baranof Hotel with our legislators and our lobbyists and members of the administration. Gambling is rampant in this state."

Alaska revenue officers could only agree. Their latest figures show the state in the midst of a gambling boom unparalleled in its history. How could that be, in a state where gambling isn't officially allowed?

As most charity leaders know, Alaska law has long permitted non-profit organizations to raise money through certain approved forms of gambling. Ten years ago, bingo games, club raffles, lotteries and ice classics raised about \$9 million in gross revenues for Alaska non-profits. Five years ago, with the increase in professional bingo operators to assist the groups, revenues had grown to \$23 million. And last year — fueled by a popular new form of cookie-cutter gambling known as pull-tabs or "rippies" — charitable gaming revenues soared upwards of \$70 million.

Rep. Mark Boyer, D-Fairbanks, places the figure closer to \$100 million — more, he says, than has



Promoter Bill McConkey

ever been generated by the placer gold-mining industry in Alaska.

The proceeds are divvied up by an increasing number of non-profit groups — from the Alaska Repertory Theatre to the Camp Fire Girls to the Iditarod Trail Committee — that see charitable gaming as a precious resource in these recession-ridden times. Alaska awarded gambling permits to 788 such groups in 1965. Today there are nearly a thousand.

But expect to hear even more advertisements for charitable gambling in the future if a bill now before the legislature — one that more than doubles the amount of gaming any one group can conduct — is passed as expected this session. Or if the hottest new gambit in Alaska gaming — statewide charitable lotteries — catches fire like the industry now predicts.

Last November a tiny American Legion post in Glennallen contracted a man in Fairbanks to sell \$300,000 worth of "Alotto" tickets all across the state. The operator promised to pay a grand prize of \$100,000 to the eventual lottery

winner, as well as about \$70,000 in "instant prizes" along the way. He would do this, he told the American Legion, for about \$55,000 — leaving a tidy \$75,000 profit for charity.

Despite the fact that no one in Alaska knew when the lottery would occur precisely (the operator simply promised to keep plugging away with his four-person crew until all the tickets were sold), and despite hardly any advertising, and despite monumental problems in distribution, the effort appears to be a roaring success. By January, Alaskans who could find them were buying the little \$1 Alotto tickets at a rate of 8,000 a day — and the operator expected to surpass his 30,000-ticket quota well before the drawing, now set for Jan. 31.

Such willingness by Alaskans to bet their hard-earned dollars on "a chance" — and the millions of dollars that small-time gambling operations have raised in the process — hasn't gone unnoticed, either by the state or by private merchants.

There are at least five bills before the legislature now that would

extend gambling rights to private businessmen or the state government itself, while broadening the choices. Among them:

• A bill by Rep. Ron Larson, D-Fairbanks, allowing parimutuel wagering in Alaska, such as track-betting on horse races and dog-sled races.

• A bill by Rep. Mark Boyer, D-Fairbanks, establishing a state-run lottery along the lines of those that already exist in New York and California.

• A bill by Rep. Robin Taylor, R-Wrangell, allowing "historic gambling" in the communities of Nome, Skagway and Fairbanks, where it was once legal.

• A bill by Sen. Bettye Fahrenkamp, D-Fairbanks, allowing historic gambling anywhere in the state, while limiting its forms to card-playing, dice and wheel games.

• And a bill by Rep. Fritz Pettyjohn, R-Anchorage, permitting Nevada-styled casino gambling and horse-racing anywhere in the state where the local populace votes its approval.



Preacher Jerry Prevo

Gambling everywhere. Moose Hall, Elks' Hall, Club, all the bowling churches every in sacred & us is running kind of operation.

Only the I have no chap this. Pettyjohn with McConkey small business Gambling Pettyjohn to try to sure approve tive process. signatures of tured voters I tion for the li

McConkey, director, says 20,000 unval far, with abo ge. He predict easily qualify Alaska votes what the 14 touch. A rail showed that; change. Fairbanks-Summita B Peninsula B school. But in the legislature

"They don't the individual key explained read their I They don't want true-bel — like I get servants of I gambling.

"I mean, if you're talking cans better I and boxers. I one negative and it. The cocktail-party your character have." But the

RUSH

advocates want more



Anchorage Daily News/Elk 11-4

Gambling is everywhere. Every Moose Hall, every Elks' Hall, every Lions' Club, all of the bars, the bowling alleys, the churches, the PTA — every institution that is sacred and hallowed to us is running some kind of gambling operation.

— Bill McConkey

Only the latter is considered to have no chance at passage. Sensing this, Pettyjohn has joined forces with McConkey and several other small businessmen in the Legalized Gambling Petition Drive — an effort to try to get Pettyjohn's measure approved through the initiative process. The group needs the signatures of about 18,000 registered voters to qualify the proposition for the 1989 statewide ballot.

McConkey, the drive's executive director, says it has gathered about 20,000 unvalidated signatures so far, with about nine months still to go. He predicts the measure will easily qualify for the ballot — and Alaska voters then will approve what the legislature refused to touch. A railbelt poll last summer showed that most Alaskans in Anchorage, Fairbanks, the Matanuska-Susitna Borough and the Kenai Peninsula Borough favor the proposition. But he isn't surprised that the legislature itself is reticent.

"They don't want the beat from the individual preachers," McConkey explained. "They don't want to read their names in the papers. They don't want to see some right-wing true-believer writing a letter — like I get — calling them the servants of Satan for promoting gambling."

"I mean, these are my clients you're talking about. I know politicians better than I know gamblers and boxers. They don't want to see one negative letter. They can't stand it. The politician will say, in cocktail-party talk, 'You can count your character by the enemies you have.' But they don't mean it. They



Continued on next page Furrler Perry Green is a "social gambler" whose way with cards has earned him a spot in the World Series of F

Anchorage Daily News

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by Rep. Fritz Pet- chorage, permitting casino gambling and ywhere in the state al populace votes its

GAMBLING

Continued from previous page

don't want any enemies. They want everybody to love them."

Not everyone loves Alaska's present-day gambling boom. State revenue officials liken it to a beast that's grown totally out of control. Alaska's gaming regulations are obsolete, they say, and their ability to enforce them a joke. And the losers include just about everyone involved.

One recurrent problem is a provision in the law that allows non-profit groups to assign their gambling permits to professional operators. The pros run the bingo games or lotteries or pull-tabs — pay the expenses, pay their own salaries — and are then required to pass the rest of the gambling proceeds back to the charities as profit.

Some operators do precisely that. But some have been known to pad their expenses, or run such inefficient shops that they rob the charities of thousands of dollars in profits, according to Sally Smith, former state Department of Revenue director of public services.

One report that prompted such suspicions came to the state's attention two years ago, when four Fairbanks non-profit groups — the

Not everyone loves Alaska's present-day gambling boom. State revenue officials liken it to a beast that's grown totally out of control.

Fairbanks JSO, the Montesson Association, the Fairbanks Business and Professional Women, and the Midnight Sun Lions Club — received zero dollars in profit over a two-year period, even though the firm that jointly operated their bingo and pull-tab games received \$1.3 million in gross revenues.

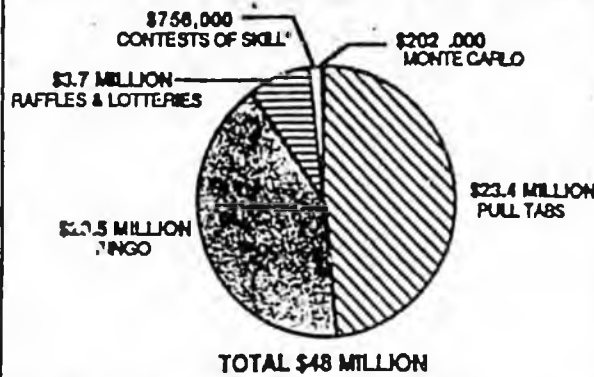
"All we could really do is write them and say, 'What's the deal,'" Smith said. She had no staff back then to audit suspected wrongdoers.

In other instances, operators have simply "turned off their cash registers" at a certain point in the evening and pocketed the rest of the night's gambling proceeds — not even bothering to fudge accounting sheets.

"A lot of the fraud tips we've gotten are from people who've worked in the system — and gotten angry," Smith says. "They'll call and say, 'I'll tell you anything you want to know.' But usually they don't want their name used. And so there's nothing we can do."

Smith's small staff conducted a survey two years ago to try to determine how much revenue the operators should have been report-

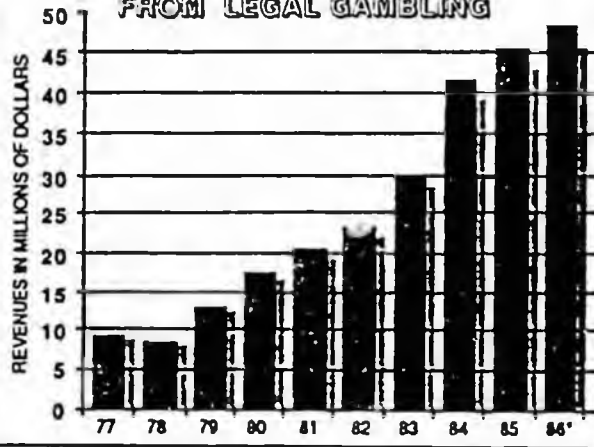
BREAKDOWN OF 1986 GAMBLING REVENUES



*CONTEST OF SKILL INCLUDE: FISH DERBY, ICE CLASSIC, DOG CONTEST, RAIN CLASSIC, GOLF, BOWLING, RODEO, ATHLETIC EVENTS, ETC.

Source: Alaska Dept. of Revenue

TOTAL GROSS REVENUES FROM LEGAL GAMBLING



*Incomplete report, only two thirds of gambling permit holders have reported income so far.
Source: Alaska Dept. of Revenue;

ing, based on an industry formula for the amount of gambling paraphernalia they were using. Reviewing the records of just 20 percent of the non-profit organizations, she found the groups had underreported their gross revenues by about \$10 million.

Extrapolating that figure, the survey estimated that all the non-profit groups together — perhaps unwittingly, perhaps deliberately — underreported their gross revenues to the state by \$50 million. A discrepancy of that magnitude would have meant \$500,000 in lost revenues to the state, inasmuch as a 1 percent tax is charged on all gambling.

"It wasn't a scientific study," Smith said. "And we didn't have anybody to follow through on it. We would have had to go out and get the hard evidence and work up a case."

Three years ago, the state did just that in a suit against Kenneth Brown, then owner/manager of

Northern Lights Bingo. Brown was charged with skimming \$810,000 in profits from five groups — the Spearhead Lions, the McKinley Lions, the Association of Retarded Citizens of Anchorage, the March of Dimes and Barrier Free Recreation Inc. He had done so by paying himself a \$200-a-night salary over a two-year period — well over the \$4.85-an-hour maximum wage the state allows for bingo employees — among other extra expenses.

But the state ultimately threw out its case. It agreed to reduce the charges against Brown from a felony to a misdemeanor in exchange for his confession, partly because the defense witnesses — the charities themselves — failed to take Brown strongly to task. Generally, they were thankful for the money he had raised for them. After the trial, they retained Brown as their operator until he sold his business. Moreover, the judge scolded the prosecution for "selective enforcement" of its gaming laws — sup-

porting the defense attorney's conclusion that most bingo operators violate the wage limit.

It wasn't a very happy experience for the state lawyers, but Smith wasn't totally surprised. Not infrequently, she says, the charities the state suspects of being balked out of profits turn out to be their operator's most ardent defenders. She theorizes why:

"If you try to run a professional gaming operation yourself, you find it's a pain in the neck. Now if (the operator) brings you back more money than you made when you were doing it yourself — not a lot more, but more than when you were doing it — you're not going to complain."

Certain legislators, however, are complaining. Among them, Rep. Dave Donley, D-Anchorage, has sponsored a bill that would require bingo and pull-tab operators to return a profit of at least 15 percent of gross revenues to their non-profit sponsors.

The legislation also would require the operators to post a \$25,000 bond for each permit they use; require financial statements to be more detailed, and filed more regularly; and set a higher fee schedule to pay for enforcement of the law.

The reforms are long overdue, Smith says. "We're the most liberal of any of the states I've seen that allow charitable gambling. We have the fewest rules."

Perry Green is what Alaska law books refer to as a "social" gambler. Social gambling is legal in Alaska. Green gambles at the sweet science of poker, playing at private residences where house-odds aren't allowed and everyone has the same chance to win as everyone else. Theoretically Green's chances are probably better than yours or mine.

The photographic evidence hanging inside his downtown fur shop, David Green Master Furner, is telling. One photo shows Green and poker immortal Amarillo Slim posing together after a competition. Another shows Green winning \$175,000 in the World Series of Poker. Still another shows him traveling to Ireland as captain of the U.S. Poker Team.

"To be a good gambler you have to be relaxed," Green says, leaning back in a chair in the backroom of his fur store. "And you should always play with expendable income. It's kind of like investing in property. You don't invest your savings in property, you invest your excess savings."

"You've also got to be physically and mentally prepared. You're got to be emotionally happy. A player that's subject to big highs and big lows can't really sustain a poker career."

At 51, Green has nurtured his own poker-playing for well over three decades — despite the demands of running a major business, fathering five children and grandfathering five more.

"I think the playing helps the business, and the business helps the playing," he says. "The more competition you have, the better you are in business."

To stay sharp, Green deals him-

Five legislators and their gambling proposals



Rep. Fritz Pettyjohn

Nevada-style casino gambling and horse racing statewide where local folks OK it.



Rep. Robin Taylor

"Historic gambling" in Nome, Fairbanks and Skagway, where it was once legal.



Rep. Mark Boyer

A state-run lottery along the lines of those now existing in California and New York.



Sen. Betty Fahrenkamp

"Historic gambling" anywhere in Alaska, limited to card-playing, dice and wheel games.



Rep. Ivo Larson

Statewide parimutuel wagering, such as track betting on horse races and dog-sled racing.

self practice hands everyday — sometimes as a way to fall asleep. Then he rises from bed as early as 3 o'clock to catch the end of an all-night card game. He always leaves in time to open his shop at 7.

Green welcomes more legalized gambling in Alaska — but not necessarily large hotel casinos. He'd rather see the legalization of Alaska-style card houses first.

“To be a good gambler you have to be relaxed. And you should always play with expendable income. It's kind of like investing in property. You don't invest your savings in property, you invest your excess savings.”

— Perry Green

“I just don't think we're ready for full-blown casinos,” he says. It's too easy for the unsophisticated player to lose a lot of money.

Instead, Green favors the “historic gambling” concept advanced by Fahrenkamp, as well as parimutuel wagering.

“I would say if you had legalized poker, if you had legalized parimutuel betting (on race horses), if you had legalized bookmaking on sporting events — and you had these in major cities in Alaska, you'd raise millions of dollars,” he said. “And you'd have a good employment basis.”

Fahrenkamp, however, isn't overly optimistic about her gambling bill this session. It still hasn't been heard in committee. But she thinks it makes more sense than

allowing huge hotel casinos to be constructed in the state.

“I think you should crawl a little before you try and run,” she says.

Larson's bill to allow parimutuel wagering, on the other hand, has already passed the House and is now awaiting action in the Senate.

And Boyer's bill to establish a state-operated lottery — which backers say would generate about \$20 million annually for Alaska — is beginning to draw second glances, given the popularity of a charity-operated lottery this winter.

State lotteries hold no interest for him, Green says. And he doubts whether Alaska's tiny population really lends itself to the kind of math that makes the drawings successful.

“If I'm going to gamble, I like to make the odds as close to 50-50 as possible — and that certainly isn't a 50-50 proposition. Except that you're going to win or lose. And the chances of losing are far greater

than your chances of winning.

“I think a lottery is a dream for some people. And that's all life is. It's a dream.”

When Bill McConkey envisions the Anchorage of the Future, he sees a handsome city bustling with economic life. He sees gambling centers limited by municipal ordinance to a few strategic blocks. He sees 30,000 new jobs statewide — thanks to the casinos and new quarter-horse racetracks in Palmer and Fairbanks. He sees about 400,000 people who annually pass through Anchorage International Airport without stopping suddenly deciding to visit town. He sees about \$400 million annually in new state revenues from gambling and liquor taxes — and a local property-tax windfall that would offset any problems caused by Anchorage's increased population.

“If the municipality is wise,” McConkey says, “the Egan Convention Center will probably be turned

into a municipal Anchorage casino. And the Performing Arts Center would then really be a performing arts center. You would have stage shows and musicals and professional entertainers over there of the highest order. And Sullivan Arena would really be booked with professional sports.”

“Secondly, I would see what you would call a major development — say 5,000 to 10,000 square feet of slot machines and poker tables — down at Alyeska. You'd see probably another here at (Austrian developer Robert) Rogner's (proposed ski resort) in Eagle River.

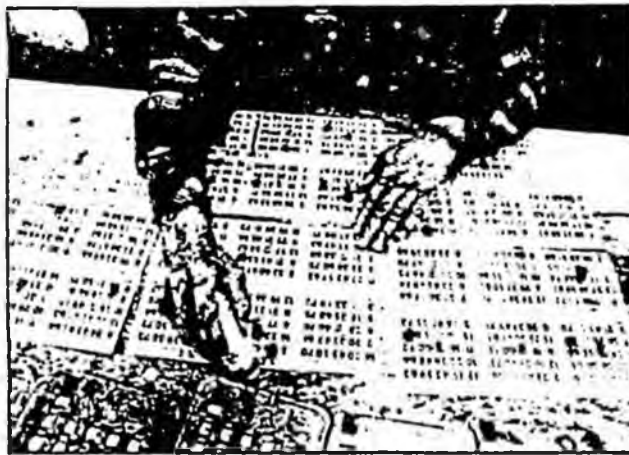
“I would envision a good race track in Palmer and another one in Fairbanks, and Alaska being on a quarter-horse circuit. I would see Palmer and Fairbanks and Calgary and Whitehorse and maybe Billings and Butte and Cheyenne — a pretty good quarter-horse circuit there. I think you'd see a short season. Maybe a 45-day season. You'd see horses. You'd see good races. A lot of excitement, and a lot of fun. And you'd see some money made and some jobs created.”

Who would do all this? “I'm not Mafia Mike,” McConkey says. “I'm not going to be — you. But I know that I have Japanese interests — now you laugh — you're free to laugh — but I contacted a friend of mine in Los Angeles who does a lot of work for some Japanese businessmen. And he sent a letter back and said they are very interested in a major investment in Alaska tourism and gambling — and this sounds real good.”

It sounded real good to Michael “Mafia Mike” Von Gnatensky, too, when the Anchorage mayoral candidate last summer decided to tell voters that he'd received commitments from three Las Vegas companies to build \$600 million worth of hotel-casinos in Anchorage.

But in subsequent telephone in-

Continued on next page



Bingo games pull in more than \$20 million a year in Alaska.

Anchorage Daily News Bob Hoffman

GAMBLING

Continued from previous page

interviews with executives at Caesar's World, Bally Corp and Resorts International, a Daily News reporter was told in so many words that, no, they'd never heard of Mafia Mike and, no again, they had no developmental interests in Alaska.

"I'll tell you what," said Stephen Allen, director of publicity at Bally's Las Vegas. "If someone called up here and introduced himself as Mafia Mike, I doubt we'd even say goodbye."

Von Gnatensky was undeterred. "My arrangement with them is we don't go public until the right time," he said. "They're extremely serious, but they don't want to get caught in the middle of this goat rope of a mayoral campaign."

Meanwhile, McConkey was worried whether the proposal to legalize gambling would get goat-roped by Mafia Mike. More and more, the public was beginning to identify the idea with the outspoken Von Gnatensky, McConkey says — even though he and Pettyjohn had no association with the gangster-suited pizza salesman. He also denies Von Gnatensky's assertion that he was asked by the pro-gambling committee to step down as chairman.

"I never asked Mafia Mike to gently step aside of any committee," McConkey said. "I asked him not to run for mayor. I called him up and said, 'For God sakes, don't run for mayor. For one, you don't have a chance. And two, you'll hurt the legitimate cause of bringing gambling to the state.'"

"And I was right on both counts."

Voter surveys on the issue are difficult to gauge. A railbelt poll of 500 voters last May found that a majority (61 percent) answered "yes" to the question, "Would you or do you support legislation permitting state-regulated gambling and entertainment other than existing charitable ones in Alaska?"

Conducted by ASK Information Search on behalf of citizens supporting casino gambling (not McConkey), the survey carefully avoided the emotion-laden word "casino." But a follow-up question found that feelings toward gambling varied markedly according to the type of gambling involved. Ninety-one percent of those who answered "yes" to the initial question said they would support "historical gold-rush gambling," 83 percent said they would support "horse-racing," and only 73 percent agreed to support "casino gambling" — or 47 percent of all the people interviewed.

At the same time, the survey found that the greatest support for "legislation permitting state-regulated gambling" could be found in Fairbanks (67 percent), followed by the Mat-Su Borough (64 percent), the Kenai Peninsula Borough (62

percent) and Anchorage (57 percent).

One month later, Dittman Research Corp. asked Anchorage voters a more pointed question: "Would you support or oppose legalized casino gambling in Anchorage?" A small majority, 32 percent, opposed the idea; 62 percent approved.

McConkey is fond of telling his critics they'll have at least five chances to say "no" to legalized casino gambling. "First," he says, "you don't have to sign the petition. Second, you can vote against it on the state ballot. Third, you can vote against it again on the local ballot. Fourth, you don't have to go in. And fifth, you don't have to play."

His opponents, McConkey says, would take those choices away from you.

But Baptist pastor Jerry Prevo (who faced McConkey in one public debate), and former Anchorage Police Chief Brian Porter (who met him in another) and Methodist minister John Shaffer (who wrote a newspaper essay denouncing legalizing casinos in Alaska) say it's more a matter of crime than free choice.

Quoting from "The Boardwalk Jungle," a book about Atlantic City, Shaffer said FBI figures show that Atlantic City crime has quadrupled since 1977.

Porter took a similar tack. "Atlantic City officials said things were going to be different in their city, too," he said. "But two years after they started, half their gambling commission was indicted."

In his own debate, Prevo spoke of the moral decay of a place where fathers gamble away the milk money, mothers drink, and teenagers get hooked on life in a casino.

"Atlantic City Atlantic City Atlantic City," McConkey complains. "A teeming, crowded metropolis one hour driving time from Brooklyn. Why does (Prevo) want to keep comparing us with that?"

"Why doesn't he compare Anchorage to Monte Carlo — an international city on the ocean? Or Lake Tahoe — with skiing? He won't do that. All I'm asking is for these so-called honest people — who are hinting that I'm the servant of Satan — to cut that hypocritical bull — and play fair."

He takes a breath, then leans back in his chair.

"I'm not saying I have the answer to the Alaskan economy," McConkey says. "But I have one of the answers. I have one thing that might add, statewide, over three or four years, 20,000 to 30,000 jobs."

"That's good." ■

■ George Bryson is a staff writer for We Alaskans magazine. Fran Durnet, Bob Mattinen, Erik Hill, Michael Penn and Bill Roth are Daily News photographers.



Alaskans have been buying Alotta tickets at the rate of 8,000 a day.



Sally Smith, former state revenue director of public services.

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