

S B

168

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2.26.89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

SA TRSP
FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 3.2.89

2/8/89

Mr. President:

C&RA

SB 168

Committee considered

authorizing gambling enterprises in municipalities and on state
ferries; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero ^{REVENUE} C&RA fiscal impact ^{REVENUE} DOT
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Revenue - no rec
Don't know No - Rec
Not enough No REC

Al Adams - No Rec

Chairman signature and recommendation

Committee backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "An Act authorizing gambling ...
 in municipalities and on state ferries.."
 Sponsor: Senator Bettye Fahrenkamp
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Carol Carroll, Deputy Director
 Division: Municipal & Regional Assistance

Phone: 465-4750
 Date: 3/2/89

Approved by Commissioner: [Signature]
 Agency: Community & Regional Affairs

Date: 3/2/89

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 168
PUBLISH DATE: 2/8/89

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An act authorizing gambling in municipalities and on state ferries
Sponsor: Fahrenkamp
Requestor: Community & Regional Affairs

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: February 17, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 17, 1989
Agency: Department of Revenue

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

Analysis

This legislation would impact the Department of Revenue by:

1. Section 2

A) which requires the Department to issue a license to and regulate gambling on vessels on the Alaska Marine Highway System, upon application by the Commissioner of DOTPF.

B) which provides the Department will regulate legalized gambling activities in communities which have allowed, by ordinance, for those activities to be conducted and who have established a commission responsible for licensing and regulating gambling in the community.

2. Section 6

A) which requires the Department to collect a 3 1/2% fee applied against gambling gross proceeds. The fee is collected from the municipality and deposited in the general fund.

Fiscal Impact

The Department has no basis on which to estimate revenues or expenses for this legislation. Legalized gambling of the type allowed in this bill is not permitted by present law. It cannot be assumed that any community will pass an ordinance to allow gambling.

Recommendation

1) The regulation of legalized gambling should not be placed within the Department of Revenue. It would detract management attention away from its highest priority - the administration of tax enforcement and investment programs.

2) There would be unnecessary duplication of effort and expense in having DOR license and regulate DOTPF ferries conducting gambling activities. Perhaps DOTPF could better carry out this function.

3) The Department of Revenue has no agency position on the merits of this proposal itself.



Department of Transportation & Public Facilities



POSITION PAPER

BILL NO: SB 168

APPROVED:

A handwritten signature in black ink, appearing to read "M. L. S. [unclear]".

TITLE: Authorizing Gambling in Certain
Places

DATE: March 3, 1989

Senate Bill No. 168

ANALYSIS:

The analysis assumes three mainline vessels would each have one roulette wheel, one dice table and one card table. Each game would require two staff per week to run the game. The analysis also assumes these facilities would be located in the existing bar space, or other public area, eliminating the need to reduce staterooms. Does not include cost to modify vessel for the quarters for this additional crew. It further assumes that the pay scale for the dealers would be roughly equivalent to that of the bartender.

No attempt has been made to estimate the potential revenue from casino operations, although we will be working on developing such an estimate. Our primary thrust has been to review the possibility of placing electronic gaming devices on the vessels, it is from this source that the estimated capital cost is derived. It must be understood these are very preliminary estimates, which could change drastically once more information is known. In addition, the crewing levels and compensation are subject to collective bargaining agreements and are subject to change depending upon the outcome of negotiations.

2 crews each consisting of:

- 6 "dealers" @ \$48,500/year with benefits
- 2 "reliefs" @ \$48,500/year with benefits

8 crew x \$48,500/year x 2 crews/vessel x 2 vessel years of operation

* $8 \times \$48,500 \times 2 \times 2 = \$1,552,000$

* Vessel year

2 vessels operating 10 months/year = 20 months

1 vessel operating 4 months/year = 4 months

24 vessel months = 2
vessel years

For further information call Catherine A. McHugh at 465-3900

Travel:

Travel costs depend upon crew change ports and the location of the specific crew members. Assuming approximately 756 "crew weeks" and that travel costs would only be incurred for 20% of those weeks the total cost would be approximately \$30,000.

Capital Cost:

Each ship at approximately \$90,000 x 3 = \$270,000

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "...gambling enterprise in
 municipalities & on state ferries..."
 Sponsor: Fahrenkamp
 Requestor: _____

Agency Affected: DOT&PF - AMHS
 BRU: _____
 Components: Southeast Vessels

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		1,500.0	1,500.0	1,500.0	1,530.0	1,560.0
TRAVEL		30.0	30.0	30.0	31.0	32.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		1,530.0	1,530.0	1,530.0	1,561.0	1,592.0
CAPITAL		270.0				
REVENUE		*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,900.0	1,530.0	1,530.0	1,561.0	1,592.0
FEDERAL FUNDS						
OTHER						
TOTAL		1,800.0	1,530.0	1,530.0	1,561.0	1,592.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* Not determined at this time.

FY 93 and FY 94 each increased by approximately 2% over previous year to allow for inflation.

See attached comments.

Prepared by: John Halterman, Assistant Director Phone: 465-3050
 Division: Alaska Marine Highway System Date: _____

Approved by Commissioner: Mark S. Hickey *MSH* Date: 3/2/89
 Agency: Department of Transportation and Public Facilities

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, RESOURCES COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



Senate

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

MEMORANDUM

TO: Senator Al Adams, Chairman
Senate Community & Regional Affairs Committee

FROM: Senator Bettye Fahrenkamp

DATE: February 21, 1988

RE: SB 168 An Act authorizing gambling enterprises in municipalities and ferries; and providing for an effective date.

INTRODUCTION

Casino style gambling on a limited, historical basis would be allowed under SB 168. Municipalities with a history of gaming during the gold rush era, such as Fairbanks, Nome, and Skagway, would be eligible if their economies depend substantially on tourism. Local residents would have to vote to approve any gaming enterprises. Municipalities could require more than a simple majority vote. The bill also would allow gambling on state ferries.

Gaming enterprises can make a contribution to the prosperity of the state and municipalities in a time of declining and uncertain state revenue. Limited, historic gaming would enhance Alaska as a tourist destination and create jobs. We already allow gaming such as bingo, Monte Carlo nights, and pool classics.

Gaming under SB 168 is limited in the following ways:

- * A municipality must adopt an ordinance regulating gaming and have it ratified by a majority of voters within its boundary. The municipality may require more than a simple majority.

- * The municipality must have an economy substantially dependent on tourism.

- * Only cards, 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 gaming enterprise within a municipality must enhance the historic character of the municipality. No glitz and glitter, no chrome and glass.

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

Municipalities may decide to run gaming operations themselves, or license the operation, and must pay three and one half percent of gross revenues to the Department of Revenue. Participating municipalities must form a commission to regulate gaming.

Gaming on ferries would also be allowed and revenue would be deposited in the general fund.

Gaming enterprises can be conducted honestly, free from criminal and corrupt persons and practices. I don't believe limited, historical gaming will result in the high roller style gaming found in Las Vegas and Atlantic City, but rather the type found in Dawson City.

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



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

SUBJECT: Section-by-Section Summary of SB 168
TO: Senate Community & Regional Affairs Committee
FROM: Senator Betty ^{BF}Fahrenkamp
DATE: February 21, 1989

This memorandum is a section-by-section summary of SB 168, An Act authorizing gambling enterprises in municipalities and on state ferries; and providing for an effective date.

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 GAMBLING PERMITTED 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.

Gambling is allowed within municipalities, with the municipal government regulating gambling enterprises. No gambling is allowed outside of municipalities, except the Department of Revenue may license gambling enterprises on state ferries.

Sec. 05.16.020 LICENSED GAMBLING ON STATE FERRIES 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. 05.16.030 PROCEEDS FROM MUNICIPALITIES 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. 05.16.040 COOPERATION WITH MUNICIPALITIES requires the Department of Revenue to cooperate with municipalities in the regulation and administration of gambling within municipalities.

Sec. 05.16.050 REGULATIONS 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. 05.16.060 ANNUAL REPORT 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 DEFINITIONS defines "department", "gambling", and "gambling enterprise".

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 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 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 AUTHORIZATION authorizes a municipality to operate or license a person to operate a gambling enterprise within the municipality if the municipality adopts an ordinance regulating gambling enterprises, and the ordinance is ratified by a majority of the voters of the municipality or by more than a majority of the voters, and if the economy of the municipality depends substantially on tourism, the municipality has a history of gambling, and the gambling enterprise enhances the historic character of the municipality,

Sec. 29.35.610 REGULATION OF GAMBLING 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 PROCEEDS 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 REVENUE DERIVED FROM GAMBLING ENTERPRISES provides that a municipality may dedicate the revenue derived from a gambling enterprise to a public purpose.

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

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

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

Offered: 1/9/89
IN THE SENATE Labor & Commerce and
Finance
IN THE HOUSE Labor & Commerce and
Finance

EXECUTIVE ORDER NO. 74

Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance with AS 24.08.210, I order the following:

* Section 1. FINDINGS. As governor, I find that it would be in the best interests of efficient administration to transfer the function of regulating games of chance and contests of skill from the Department of Revenue to the Department of Commerce and Economic Development.

* Sec. 2. AS 05.15.010 is amended to read:

Sec. 05.15.010. DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT [REVENUE] TO ADMINISTER CHAPTER. The Department of Commerce and Economic Development [REVENUE] shall administer this chapter.

* Sec. 3. AS 05.15.140(a) is amended to read:

(a) The commissioner may not issue or renew a permit except upon satisfactory proof that the applicant is a municipality or qualified organization, the activity may be permitted under this chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon request of the commissioner [OF REVENUE], the applicant shall prove conclusively each of these requirements before a permit may be issued or renewed.

* Sec. 4. AS 05.15.210(6) is amended to read:

(6) "commissioner" means the commissioner of commerce and economic development [REVENUE];

* Sec. 5. AS 05.15.210(8) is amended to read:

(8) "department" means the Department of Commerce and Economic Development [REVENUE];

* Sec. 6. AS 11.66.280(2) is amended to read:

(2) "gambling" means that a person stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an

1 agreement or understanding that that person or someone else will
2 receive something of value in the event of a certain outcome;
3 "gambling" does not include

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

9 (B) playing an amusement device that

10 (i) confers only an immediate right of replay not
11 exchangeable for something of value other than the privilege
12 of immediate replay; and

13 (ii) does not contain a method or device by which
14 the privilege of immediate replay may be cancelled or
15 revoked;

16 (C) an activity authorized by the commissioner of
17 commerce and economic development [REVENUE] under AS 05.15;

18 * Sec. 7. AS 44.33.020 is amended by adding a new paragraph to read:

19 (31) regulate games of chance and contests of skill under
20 AS 05.15.

21 * Sec. 8. TRANSITION. Regulations relating to games of chance and
22 contests of skill, adopted by the Department of Revenue under authority of
23 AS 05.15 before the effective date of this Order, remain in effect until
24 regulations relating to that function are adopted by the Department of
25 Commerce and Economic Development under AS 05.15 as amended by this Order,
26 and take effect. The Department of Commerce and Economic Development shall
27 administer those Department of Revenue regulations until its own take
28 effect.

29 * Sec. 9. This Order takes effect July 1, 1989.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: EXECUTIVE ORDER 74
PUBLISH DATE: HOUSE 1/9/89

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FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Trans. of games of chance and contests BRU: Occupational Licensing
of skill from Revenue to UCED
 Sponsor: Rules Committee Components: Administration
 Requestor: GOVERNOR

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING						
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funding for the transfer of this function will be submitted through the budget amendment process.

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: December 22, 1988
 Approved by Commissioner: Larry Mercurieff, Commissioner Date: 12/23/88
 Agency: Dept. of Commerce & Economic Development

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

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STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: EXECUTIVE ORDER 74
PUBLISH DATE: HOUSE 179/89

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Transfer of Charitable
Gaming Program
Sponsor: Rules Committee
Requestor: Governor

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See Attached.

Prepared By: Steven E. Kettel, Director *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Division Date: December 22, 1988

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 12/22/88
Agency: Department of Revenue

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

Prepared By: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
December 22, 1988

FISCAL NOTE ANALYSIS
TRANSFER OF CHARITABLE GAMING PROGRAM

The Charitable Gaming Program will transfer from the Department of Revenue to the Department of Commerce and Economic Development on July 1, 1989. The Gaming Program operates more as a regulatory section than a revenue agency. This transfer will enhance the efficiency of state government through consolidation in a department that already performs other similar regulatory functions. This transfer will allow the Department of Revenue to focus attention and resources on its primary responsibility of collection revenue due to state government.

This bill is necessary to amend the statutes which specify the department responsible for implementing AS 04.15.

The Department of Revenue will transfer the necessary resources; including seven positions, associated travel, contractual, and supply monies to enable the Department of Commerce and Economic Development to carry out the responsibilities of the program. Refer to Income and Excise Audit Division's FY 90 Budget Amendment for details.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Trans. of games of chance and contest BRU: Occupational Licensing
of skill from Revenue to DCEO
 Sponsor: Rules Committee Components: Administration
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES	-0-	-0-	-0-	0	0	0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING						
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Funding for the transfer of this function will be submitted through the budget amendment process.

Prepared by: Jennifer Strickler, Admin. Officer
 Division: Occupational Licensing

Phone: 465-2144
 Date: December 22, 1988

Approved by Commissioner: Larry Mercurieff, Commissioner
 Agency: Dept. of Commerce & Economic Development

Date: 12/22/88

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

FISCAL NOTE

REQUEST: _____

Revision Date: _____
 Title: Transfer of Charitable
Gaming Program
 Sponsor: Rules Committee
 Requestor: Governor

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See Attached.

Prepared By: Steven E. Kettel, Director *See E. Kettel* Phone: (907) 465-2320
 Division: Income and Excise Audit Division Date: December 22, 1988

Approved by Commissioner: Hugh Malone *H. Malone* Date: 12/22/88
 Agency: Department of Revenue

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

Prepared By: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
December 22, 1988

FISCAL NOTE ANALYSIS
TRANSFER OF CHARITABLE GAMING PROGRAM

The Charitable Gaming Program will transfer from the Department of Revenue to the Department of Commerce and Economic Development on July 1, 1989. The Gaming Program operates more as a regulatory section than a revenue agency. This transfer will enhance the efficiency of state government through consolidation in a department that already performs other similar regulatory functions. This transfer will allow the Department of Revenue to focus attention and resources on its primary responsibility of collection revenue due to state government.

This bill is necessary to amend the statutes which specify the department responsible for implementing AS 04.15.

The Department of Revenue will transfer the necessary resources; including seven positions, associated travel, contractual, and supply monies to enable the Department of Commerce and Economic Development to carry out the responsibilities of the program. Refer to Income and Excise Audit Division's FY 90 Budget Amendment for details.

Sec. 05.15.100. Issuance of permits and licenses. (a) The commissioner may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, and contests of skill.

(b) The commissioner also may issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and number wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(c) The commissioner may issue an operator's license to a natural person to conduct an activity permitted under this chapter on behalf of a municipality or a qualified organization. The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization. (§ 1 a ch 27 SLA 1960; am § 1 ch 66 SLA 1976; am § 2 ch 27 SLA 1982; am § 2 ch 59 SLA 1983; am § 1 ch 93 SLA 1986; am § 2 ch 94 SLA 1986; am §§ 11, 12 ch 99 SLA 1988)

Effect of amendments. — The first 1986 amendment inserted "goose classics, mercury classics," in subsection (a) and inserted a comma following "derbies."

The second 1986 amendment in subsection (a) inserted "salmon classics," in the second sentence.

The 1988 amendment, in subsection (a), deleted "of revenue" following "commissioner" in the first sentence and, in the second sentence, inserted "qualified" and "pull-tab games," and made a minor punctuation change; and added subsection (c).

Sec. 05.15.112. Member in charge. (a) Each municipality or qualified organization that receives a permit under this chapter shall designate a member in charge.

(b) The member in charge is responsible for preparation, maintenance, and transmittal of all records and reports required of the permittee. The member in charge shall be a member of the qualified organization or the board of directors of the qualified organization or an employee of the municipality.

(c) The member in charge shall monitor the operator's performance under and compliance with contracts for the conduct of activities on behalf of the authorizing permittee.

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge. (§ 13 ch 99 SLA 1988)

Sec. 05.

(a) A municipality or qualified organization may apply for a permit to conduct an activity involving the use of playing cards, dice, and number wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(b) The commissioner also may issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and number wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(c) A person may apply for a permit to conduct an activity involving the use of playing cards, dice, and number wheels. Each year, a person may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(d) A person may apply for a permit to conduct an activity involving the use of playing cards, dice, and number wheels. Each year, a person may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

Sec. 05.1

qualified organization that receives a permit under this chapter shall designate a member in charge.

(b) The member in charge is responsible for preparation, maintenance, and transmittal of all records and reports required of the permittee. The member in charge shall be a member of the qualified organization or the board of directors of the qualified organization or an employee of the municipality.

(c) The member in charge shall monitor the operator's performance under and compliance with contracts for the conduct of activities on behalf of the authorizing permittee.

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge.

(c) The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization.

(c) The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization.

or until the end of a hearing or other proceeding begun during suspension. The authority of the commissioner to suspend a permit is not subject to the Administrative Procedure Act (AS 44.62). (§ 5 ch 27 SLA 1960)

Editor's notes. — This section is set out to incorporate editorial changes made by the Revisor of Statutes.

Sec. 05.15.180. Limitations on authorized activity. (a) Except as provided in AS 05.15.100(b), 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 or any other method or implement not expressly authorized by the commissioner.

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics, goose classics, mercury classics, salmon classics, and other activities authorized under AS 05.15.100(b), an activity may not 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.

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

- (1) cash prizes may not be awarded;
- (2) only money substitutes such as chips or scrip may be used by a player in the activity;
- (3) the money substitutes may be exchanged only for prizes other than money and may not be otherwise exchanged or sold; and
- (4) additional limitations may be established by the commissioner under adopted regulations.

(d) The total value of door prizes offered or awarded under authority of a permit issued to a municipality or qualified organization under this chapter may not exceed \$20,000 a month or \$240,000 a year.

(e) The total value of all door prizes offered or awarded at a single facility or bingo hall or parlor by an operator on behalf of authorizing permittees or by a permittee in conjunction with other permittees may not exceed \$20,000 a month or \$240,000 a year.

(f) A person under the age of 19 years may not play a bingo game.

(g) A municipality or a qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter; however, if a municipality or a qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year. In this subsection "activities authorized under this chapter" means all activities subject to this chapter other than bingo. (§ 2 ch 27 SLA 1960; am § 3

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am § 3 ch 94 SLA 1986; am §§ 20, 21 ch 99 SLA 1988)

Effect of amendments. — The first "not" preceding "be licensed" and substi-
1986 amendment inserted "goose classics, mercurtuted "an" for "no."
mercury classics," in subsection (b). The 1988 amendment inserted "bingo
The second 1986 amendment in subsec- games, pull-tab games" in subsection (b)
tion (b) inserted "salmon classics," and and added subsections (d)-(g).

Sec. 05.15.181. Pull-tab manufacturer's license. (a) A person may not manufacture pull-tabs in the state unless the person has received a pull-tab manufacturer's license issued by the department.

(b) The department may issue a pull-tab manufacturer's license to a person who pays an annual fee of \$500.

(c) Each series of pull-tabs manufactured in the state shall be sealed and have a number label issued by the National Association of Fundraising or other serial number label approved by the department.

(d) A pull-tab manufacturer shall distribute pull-tabs only to a licensed pull-tab distributor unless the pull-tab manufacturer is also a licensed pull-tab distributor.

(e) Each pull-tab manufacturer shall report to the department by the last business day of the month on each series of pull-tabs distributed during the preceding month, including the serial number of each series distributed and the name of the distributor to whom the series was distributed. (§ 22 ch 99 SLA 1988)

Sec. 05.15.183. Pull-tab distributor's license. (a) A person may not distribute pull-tab games unless the person has received a pull-tab distributor's license issued by the department.

(b) The department may issue a pull-tab distributor's license to a person who pays an annual fee of \$1,000.

(c) Pull-tabs may be distributed only from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state.

(d) A pull-tab distributor shall report to the department by the last business day of each month on each pull-tab series distributed in the preceding month. The report must include the name of the permittee to whom each series of pull-tabs is distributed and the serial number of each series. (§ 22 ch 99 SLA 1988)

Sec. 05.15.184. Pull-tab tax. A pull-tab distributor shall collect a tax of three percent of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. The pull-tab distributor shall pay to the department the tax collected in the preceding month at the time that the report under AS 05.15.183(d) is filed with the department. (§ 22 ch 99 SLA 1988)

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CRIMINAL LAW

§ 11.66.280

Article 2. Gambling Offenses.

Section 280. Definitions

Sec. 11.66.280. Definitions. In AS 11.66.200 — 11.66.280, unless the context requires otherwise,

(1) "contest of chance" means a contest, game, gaming scheme, or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that the skill of the contestants may also be a factor;

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

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

(B) playing an amusement device that

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

(ii) does not contain a method or device by which the privilege of immediate replay may be cancelled or revoked;

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

(3) "gambling device" means any device, machine, paraphernalia, or equipment that is used or usable in the playing phases of unlawful gambling, whether it consists of gambling between persons or gambling by a person involving the playing of a machine; "gambling device" does not include

(A) lottery tickets, policy slips, or other items used in the playing phases of lottery or policy schemes; or

(B) an amusement device as described in (2)(B) of this section;

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

(A) includes five or more persons who conduct, finance, manage, supervise, direct, or own all or part of the business;

(B) has been or remains in substantially continuous operation for a period in excess of 30 days or has a gross income of \$2,000 or more in any single day; and

(C) is not a municipality or a qualified organization under AS 05.15.210, except that, for purposes of this paragraph, no application

for a license under AS 05.15 is required to be considered a qualified organization;

(5) "gambling record" means any writing or paper of a kind commonly used in the operation or promotion of unlawful gambling and includes lottery tickets, policy slips, or other writings or papers used in the playing phases of lottery or policy schemes;

(6) "player" means a person who engages in gambling solely as a contestant or bettor, believing that the risk of losing and the chances of winning are the same for all participants except for the advantages of skill and luck, without receiving or becoming entitled to receive any profit from gambling other than personal gambling winnings and without otherwise rendering any material assistance to the establishment, conduct, or operation of the particular gambling activity, except that, for purposes of this paragraph, a person who gambles at a social game on equal terms with the other participants does not "otherwise render material assistance" to the establishment, conduct, or operation by performing, without fee or remuneration, acts directed towards the arrangement or facilitation of the game, such as inviting persons to play, permitting the use of premises for the game, or supplying cards or other equipment used in the game;

(7) "profits from gambling" means that a person, acting other than as a player, accepts or receives money or other property under an agreement or understanding with another person by which the person participates or is to participate in the proceeds of gambling;

(8) "promoting gambling" means that a person, acting other than as a player, engages in conduct that materially aids any form of gambling; conduct of this nature includes

(A) conduct directed toward the

(i) creation or establishment of the particular gambling activity or acquisition or maintenance of premises, paraphernalia, equipment, or apparatus used in the gambling;

(ii) conduct of the playing phases of gambling; or

(iii) arrangement of the financial or recording phase of gambling or toward any other phase of its operation; or

(B) having control or right of control over premises that are used with the defendant's knowledge for purposes of gambling and permitting the gambling to occur or continue without making an effort to prevent its occurrence or continuation;

(9) "social game" means gambling in a home where no house player, house bank, or house odds exist and where there is no house income from the operation of the game;

(10) "something of value" means any money or property; any token, object, or article exchangeable for money or property; and any form of credit or promise directly or indirectly contemplating transfer of money or property or of an interest in money or property or involving

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extension of a service, entertainment, or privilege of playing at a game or scheme without charge;

(11) "unlawful" means not specifically authorized by law. (§ 8 ch 166 SLA 1978; am § 9 ch 59 SLA 1983; am § 20 ch 14 SLA 1987)

Effect of amendments. — The 1987 amendment, in paragraph (4) substituted "that" for "which" in the introductory language and in subparagraph (C) inserted "municipality or a" and substituted "AS 05.15.210" for "AS 05.15.210(15)" and "AS 05.15" for "AS 05.15.210(15)."

Chapter 70. Miscellaneous Provisions.

Secs. 11.70.010— 11.70.030. Intent to defraud; use of evidence by person on charge of perjury; intoxication as defense. [Repealed, § 21 ch 166 SLA 1978. For current law, see AS 11.46.990(10), AS 11.81.630.]

Editor's notes. — The repeal line above is set out to correct an error in the main pamphlet.

Chapter 71. Controlled Substances.

Article

1. Offenses Relating to Controlled Substances (§§ 11.71.030 — 11.71.070)
2. Standards and Schedules (§§ 11.71.120, 11.71.160, 11.71.180)
3. Miscellaneous Provisions (§ 11.71.305)
4. Definitions (§ 11.71.900)

Article 1. Offenses Relating to Controlled Substances.

Section

30. Misconduct involving a controlled substance in the third degree
40. Misconduct involving a controlled substance in the fourth degree
50. Misconduct involving a controlled substance in the fifth degree

Section

60. Misconduct involving a controlled substance in the sixth degree
70. Misconduct involving a controlled substance in the seventh degree

NOTES TO DECISIONS

Conviction reversed where search warrant improperly issued. — See State v. Jones, Sup. Ct. Op. No. 2983 (File

No. S-486), 706 P.2d 317 (1985) (conviction under former AS 17.10.101).

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, RESOURCES COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 458-2899



Senate

WHILE IN JUNEAU
PO BOX V
JUNEAU, ALASKA 99811
CAPITOL, ROOM 125
OFFICE (907) 485-3834
HOME (907) 780-6027

MEMORANDUM

TO: Senator Al Adams, Chairman
Senate Community & Regional Affairs Committee

FROM: Senator Bettye Fahrenkamp

DATE: February 21, 1988

RE: SB 168 An Act authorizing gambling enterprises in municipalities and ferries; and providing for an effective date.

INTRODUCTION

Casino style gambling on a limited, historical basis would be allowed under SB 168. Municipalities with a history of gaming during the gold rush era, such as Fairbanks, Nome, and Skagway, would be eligible if their economies depend substantially on tourism. Local residents would have to vote to approve any gaming enterprises. Municipalities could require more than a simple majority vote. The bill also would allow gambling on state ferries.

Gaming enterprises can make a contribution to the prosperity of the state and municipalities in a time of declining and uncertain state revenue. Limited, historic gaming would enhance Alaska as a tourist destination and create jobs. We already allow gaming such as bingo, Monte Carlo nights, and pool classics.

Gaming under SB 168 is limited in the following ways:

- * A municipality must adopt an ordinance regulating gaming and have it ratified by a majority of voters within its boundary. The municipality may require more than a simple majority.
- * The municipality must have an economy substantially dependent on tourism.
- * Only cards, 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 gaming enterprise within a municipality must enhance the historic character of the municipality. No glitz and glitter, no chrome and glass.

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

Municipalities may decide to run gaming operations themselves, or license the operation, and must pay three and one half percent of gross revenues to the Department of Revenue. Participating municipalities must form a commission to regulate gaming.

Gaming on ferries would also be allowed and revenue would be deposited in the general fund.

Gaming enterprises can be conducted honestly, free from criminal and corrupt persons and practices. I don't believe limited, historical gaming will result in the high roller style gaming found in Las Vegas and Atlantic City, but rather the type found in Dawson City.

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



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

SUBJECT: Section-by-Section Summary of SB 168
TO: Senate Community & Regional Affairs Committee
FROM: Senator Betty ^{BT} Fahrenkamp
DATE: February 21, 1989

This memorandum is a section-by-section summary of SB 168, An Act authorizing gambling enterprises in municipalities and on state ferries; and providing for an effective date.

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 GAMBLING PERMITTED 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.

Gambling is allowed within municipalities, with the municipal government regulating gambling enterprises. No gambling is allowed outside of municipalities, except the Department of Revenue may license gambling enterprises on state ferries.

Sec. 05.16.020 LICENSED GAMBLING ON STATE FERRIES 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. 05.16.030 PROCEEDS FROM MUNICIPALITIES 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. 05.16.040 COOPERATION WITH MUNICIPALITIES requires the Department of Revenue to cooperate with municipalities in the regulation and administration of gambling within municipalities.

Sec. 05.16.050 REGULATIONS 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. 05.16.060 ANNUAL REPORT 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 DEFINITIONS defines "department", "gambling", and "gambling enterprise".

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 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 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 AUTHORIZATION authorizes a municipality to operate or license a person to operate a gambling enterprise within the municipality if the municipality adopts an ordinance regulating gambling enterprises, and the ordinance is ratified by a majority of the voters of the municipality or by more than a majority of the voters, and if the economy of the municipality depends substantially on tourism, the municipality has a history of gambling, and the gambling enterprise enhances the historic character of the municipality,

Sec. 29.35.610 REGULATION OF GAMBLING 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 PROCEEDS 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 REVENUE DERIVED FROM GAMBLING ENTERPRISES provides that a municipality may dedicate the revenue derived from a gambling enterprise to a public purpose.

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

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

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 168
PUBLISH DATE: 2/8/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act authorizing gambling in municipalities and on state ferries
Sponsor: Fahrenkamp
Requestor: Community & Regional Affairs

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: February 17, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 17, 1989
Agency: Department of Revenue

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

February 17, 1989

Prepared by: Steven E. Kettel

Analysis

This legislation would impact the Department of Revenue by:

1. Section 2

A) which requires the Department to issue a license to and regulate gambling on vessels on the Alaska Marine Highway System, upon application by the Commissioner of DOTPF.

B) which provides the Department will regulate legalized gambling activities in communities which have allowed, by ordinance, for those activities to be conducted and who have established a commission responsible for licensing and regulating gambling in the community.

2. Section 6

A) which requires the Department to collect a 3 1/2% fee applied against gambling gross proceeds. The fee is collected from the municipality and deposited in the general fund.

Fiscal Impact

The Department has no basis on which to estimate revenues or expenses for this legislation. Legalized gambling of the type allowed in this bill is not permitted by present law. It cannot be assumed that any community will pass an ordinance to allow gambling.

Recommendation

1) The regulation of legalized gambling should not be placed within the Department of Revenue. It would detract management attention away from its highest priority - the administration of tax enforcement and investment programs.

2) There would be unnecessary duplication of effort and expense in having DOR license and regulate DOTPF ferries conducting gambling activities. Perhaps DOTPF could better carry out this function.

3) The Department of Revenue has no agency position on the merits of this proposal itself.

