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**279**

# Alaska Statutes

## Title 39. Public Officers and Employees.

### Chapter

- 20. Compensation and Allowances (§ 39.20.180)
- 25. State Personnel Act (§§ 39.25.110, 39.25.120, 39.25.150, 39.25.157, 39.25.158)
- 30. Insurance and Supplemental Employee Benefits (§§ 39.30.095, 39.30.150, 39.30.153, 39.30.160, 39.30.162)
- 35. Public Employees' Retirement System of Alaska (§§ 39.35.020, 39.35.060, 39.35.080, 39.35.110, 39.35.330, 39.35.345 — 39.35.360, 39.35.389, 39.35.500, 39.35.505, 39.35.525, 39.35.650, 39.35.680)
- 50. Conflict of Interest (§ 39.50.200)

### Chapter 20. Compensation and Allowances.

#### Article

- 2. Travel Regulations (§ 39.20.180)

#### Article 2. Travel Regulations.

##### Section

- 180. Transportation and per diem ex-

penses for members of boards, commissions, etc

**Sec. 39.20.180. Transportation and per diem expenses for members of boards, commissions, etc.** Except as otherwise provided by law, the provisions in this section relating to per diem and transportation govern exclusively with respect to a member of a state board, commission, committee, judicial council, or other similar body of persons of the state organized or established under the authority of law, but excluding any other state employee other than a legislator, who is otherwise entitled by law to receive from the state payments for expenses of transportation, and for reimbursement or for per diem in lieu of reimbursement for other expenses incident to duties as such member:

(1) for transportation, the member is entitled either to the use of state transportation requests, or to be reimbursed for expenses of transportation to the same extent, in the same manner, and under the same conditions as provided for state officials and employees by the provisions of AS 39.20.110 — 39.20.170;

(2) for reimbursement for other expenses, the member is entitled to a per diem allowance prescribed by the commissioner of administration under the regulatory authority set out in AS 39.20.160 for each day or portion of a day spent in actual meeting or on authorized official business incident to duties as a member. (§ 1 ch 130 SLA 1953; am § 1 ch 34 SLA 1960; am § 1 ch 37 SLA 1962; am § 5 ch 136 SLA 1967; am § 12 ch 47 SLA 1974; am § 31 ch 85 SLA 1988)

**Effect of amendments.** — The 1988 amendment, effective June 2, 1988, deleted "from and after March 27, 1962" following "provided by law" and "and supersede all other provisions of law" following

"exclusively" in the introductory language, and made a series of minor stylistic changes throughout paragraphs (1) and (2).

## Chapter 25. State Personnel Act.

### Article

2. Coverage of Personnel (§§ 39.25.110, 39.25.120)
3. Personnel Rules (§§ 39.25.150, 39.25.157 — 39.25.159)

### Article 2. Coverage of Personnel.

#### Section

110. Exempt service
120. Partially exempt service

**Sec. 39.25.110. Exempt service.** Unless otherwise provided by law, the following positions in the state service constitute the exempt service and are exempt from the provisions of this chapter and the rules adopted under it:

- (1) persons elected to public office by popular vote or appointed to fill vacancies in elected offices;
- (2) justices, judges, magistrates, and employees of the judicial branch including employees of the Judicial Council;
- (3) employees of the state legislature and its agencies;
- (4) the head of each principal department in the executive branch;
- (5) officers and employees of the University of Alaska;
- (6) certificate teachers and noncertificated employees employed by a regional educational attendance area established and organized under AS 14.08.031 — 14.08.041 to teach in, administer, or operate schools under the control of a regional educational attendance area school board;
- (7) certificated teachers employed by the Department of Education as correspondence teachers, teachers in skill centers operated by the Department of Education, or in Mt. Edgecumbe School;
- (8) patients and inmates employed in state institutions;
- (9) persons employed in a professional capacity to make a temporary or special inquiry, study or examination as authorized by the governor;

- (10) members of boards,
- (11) the officers and employees of the various commissions, and authorities:
- (A) Alaska Gas Pipeline Commission;
- (B) Alaska Permanent Fund Dividend Commission;
- (C) [Repealed, § 66 SLA 1967];
- (D) Alaska Industrial Development and Export Authority;
- (E) Alaska Commerce and Development Authority;
- (F) Alaska Commission on Intergovernmental Relations;
- (12) the executive directors of the Alaska State Bond Bank Authority;
- (13) physicians licensed by the State Board of Medical Practice in the division of mental health and substance abuse;
- (14) petroleum engineers in the division of professional capacity in the division of geology and mineral resources;
- (15) officers, agents and employees of the State Control Board under the State Control Board;
- (16) persons employed as masters and members of the Alaska State Ferry System and who are exempt from the provisions provided in AS 39.25.110;
- (17) officers and employees of the State Police;
- (18) employees of the State Fire Marshal;
- (19) firefighters employed for a fire emergency;
- (20) employees of the State Lieutenant Governor, including the State Lieutenant Governor;
- (21) [Repealed June 2, 1988, by the Commission on Federal Relations];
- (22) youth employees of the State Youth Employment Council;
- (23) the executive directors of the State Board of Education;
- (24) students employed by the State Board of Education who are enrolled;
- (25) the executive director of the State Technology Foundation (A);
- (26) investment officers of the State Board of Finance;
- (27) the executive director of the State Marketing Council. (§ 1 ch 133 SLA 1961; a

am § 31 ch 46 SLA 1970; am § 65 ch 69 SLA 1970; am § 13 ch 113 SLA 1970; am § 3 ch 78 SLA 1971; am § 18 ch 78 SLA 1974; am § 42 ch 127 SLA 1974; am § 2 ch 32 SLA 1975; am § 2 ch 79 SLA 1975; am § 37 ch 124 SLA 1975; am § 1 ch 157 SLA 1976; am § 3 ch 90 SLA 1978; am § 7 ch 18 SLA 1980; am § 43 ch 106 SLA 1980; am § 10 ch 131 SLA 1980; am § 4 ch 148 SLA 1980; am § 4 ch 106 SLA 1981; am §§ 2, 3 ch 37 SLA 1982; am § 7 ch 112 SLA 1982; am § 1 ch 11 SLA 1983; am § 1 ch 103 SLA 1984; am § 58 ch 21 SLA 1985; am § 1 ch 50 SLA 1985; am § 69 ch 14 SLA 1987; am § 1 ch 61 SLA 1987; am § 2 ch 37 SLA 1988; am § 2 ch 78 SLA 1988; am § 26 ch 141 SLA 1988)

**Effect of amendments.** — The first 1988 amendment, effective May 14, 1988, inserted paragraph (25).

The second 1988 amendment, effective July 1, 1988, added paragraph (27).

The third 1988 amendment, effective June 9, 1988, inserted paragraph (26).

While none of the amendments gave effect to any other, all have been given effect as set out above.

**Editor's notes.** — Section 41.37.010, referred to in paragraph (21), was repealed June 30, 1988.

**Sec. 39.25.120. Partially exempt service.** (a) Positions in the partially exempt service are included in the position classification plan established under this chapter and are compensated according to the pay plan (AS 39.27.011).

(b) A person holding a position in the partially exempt service is not required to take an examination or qualify or earn a place on a register, and is not eligible for a hearing by the personnel board in case of dismissal, demotion, or suspension. Positions in the partially exempt service are specifically exempt from the rules established under AS 39.25.150(3) — (10), (12), (13), and (16).

(c) The following positions in the state service constitute the partially exempt service:

(1) deputy and assistant commissioners of the principal departments of the executive branch, including the assistant adjutant general of the Department of Military and Veterans' Affairs;

(2) the directors of the major divisions of the principal departments of the executive branch and the regional directors of the Department of Transportation and Public Facilities;

(3) attorney members of the staff of the Department of Law, of the public defender agency, and of the office of public advocacy in the Department of Administration;

(4) one private secretary for each head of a principal department in the executive branch;

(5) employees of councils, boards, or commissions established by statute in the Office of the Governor or the office of the lieutenant governor, unless a different classification is provided by statute;

(6) the executive director, deputy director, hearing officers, and administrative law judges of the Alaska Public Utilities Commission;

(7) *[Repealed, 1983 I]*

(8) not more than two of the principal departments may be increased if the pay plan is amended under AS 39.25.130 to include the

(9) the principal executives or commissions:

(A) Alaska Public Broadcasting

(B) Professional Teaching

(C) Parole Board;

(D) Board of Nursing;

(E) Real Estate Commission

(F) Alaska Royalty Office

(G) Alaska Historical

(H) Alaska State Court

(I) Alaska Police Standards

(J) Older Alaskans Commission

(K) Alaska Mental Health

(L) State Medical Board

(10) Alaska Pioneers'

(11) hearing examiner

(12) the comptroller in

office;

(13) *[Repealed, § 33 c]*

(14) airport managers

Public Facilities employment  
Airports;

(15) the deputy director  
director of the division of  
and Economic Development

(16) the executive director  
Commission;

(17) the rehabilitation  
Board;

(18) guards employed by  
agencies;

(19) *[Repealed, § 2 E.]*

(20) employees of the Alaska  
SLA 1960; am § 2 ch 48 SLA  
ch 5 SLA 1966; am § 3 ch  
§ 4 ch 78 SLA 1971; am §

am § 10 ch 207 SLA 1975  
SLA 1976; am E.O. No. 3  
§ 2 ch 108 SLA 1978; am E.O.

4 (1980); am E.O. No. 43  
E.O. No. 45 § 3 (1980); a

(7) *[Repealed, 1983 Initiative Proposal No. 2, § 6.]*

(8) not more than two special assistants to the commissioner of each of the principal departments of the executive branch, but the number may be increased if the partially exempt service is extended under AS 39.25.130 to include the additional special assistants;

(9) the principal executive officer of the following boards, councils, or commissions:

(A) Alaska Public Broadcasting Commission;

(B) Professional Teaching Practices Commission;

(C) Parole Board;

(D) Board of Nursing;

(E) Real Estate Commission;

(F) Alaska Royalty Oil and Gas Development Advisory Board;

(G) Alaska Historical Commission;

(H) Alaska State Council on the Arts;

(I) Alaska Police Standards Council;

(J) Older Alaskans Commission;

(K) Alaska Mental Health Board;

(L) State Medical Board;

(10) Alaska Pioneers' Home managers;

(11) hearing examiners in the Department of Revenue;

(12) the comptroller in the division of treasury, Department of Revenue;

(13) *[Repealed, § 33 ch 141 SLA 1988.]*

(14) airport managers in the Department of Transportation and Public Facilities employed at the Anchorage and Fairbanks International Airports;

(15) the deputy director of the division of tourism and the deputy director of the division of insurance in the Department of Commerce and Economic Development;

(16) the executive director and staff of the Alaska Public Offices Commission;

(17) the rehabilitation administrator of the Workers' Compensation Board;

(18) guards employed by the Department of Public Safety for emergencies;

(19) *[Repealed, § 2 E.O. No. 69 (1988).]*

(20) employees of the Alaska State Fire Commission. (§ 6 ch 144 SLA 1960; am § 2 ch 48 SLA 1961; am § 2 ch 133 SLA 1961; am § 4 ch 5 SLA 1966; am § 3 ch 104 SLA 1969; am § 2 ch 109 SLA 1969; am § 4 ch 78 SLA 1971; am § 9 ch 47 SLA 1974; am § 4 ch 82 SLA 1975; am § 10 ch 207 SLA 1975; am § 2 ch 157 SLA 1976; am § 19 ch 263 SLA 1976; am E.O. No. 39 § 6 (1977); am § 1 ch 103 SLA 1978; am § 2 ch 108 SLA 1978; am E.O. No. 41 § 3 (1980); am E.O. No. 42 §§ 3, 4 (1980); am E.O. No. 43 § 4 (1980); am E.O. No. 44 § 5 (1980); am E.O. No. 45 § 3 (1980); am E.O. No. 46 § 4 (1980); am § 18 ch 115

SLA 1980; am § 3 ch 79 SLA 1981; am § 4 ch 110 SLA 1981; am E.O. No. 48 § 3 (1981); am § 4 ch 50 SLA 1982; am § 26 ch 93 SLA 1982; am § 8 ch 112 SLA 1982; am 1983 Initiative Proposal No. 2, § 6; am § 106 ch 6 SLA 1984; am § 15 ch 55 SLA 1984; am § 2 ch 103 SLA 1984; am E.O. No. 58 § 18 (1984); am § 59 ch 21 SLA 1985; am § 54 ch 37 SLA 1986; am § 2 ch 84 SLA 1986; am § 5 ch 48 SLA 1987; am § 12 ch 98 SLA 1988; am § 1 ch 107 SLA 1988; am § 33 ch 141 SLA 1988; am E.O. No. 69 § 22 (1988))

**Effect of amendments.** — The amendments by Section 12, ch. 98, SLA 1988, effective July 1, 1988, and sec. 1, ch. 107, SLA 1988, made identical changes in subsection (c)(9), deleting the repeal line of former subparagraph (J), redesignating former subparagraphs (K) and (L) as present subparagraphs (J) and (K), and adding subparagraph (L).

The 1988 amendment by ch. 141, § 33,

effective June 9, 1988, repealed former subsection (c)(13), which read "investment officers in the Department of Revenue."

The 1988 amendment by E.O. No. 69, § 2, effective March 12, 1988, repealed former subsection (c)(19), which read "the deputy director of the division of housing assistance in the Department of Community and Regional Affairs."

**Article 3. Personnel Rules.**

**Section**  
150. Scope of the rules  
157. Position descriptions

**Section**  
158. Reemployment rights for injured state employees

**Sec. 39.25.150. Scope of the rules.** The personnel rules shall provide for

(1) the preparation, maintenance, and revision by the director of personnel, subject to approval of the commissioner of administration and the personnel board, of a position classification plan for all positions in the classified and partially exempt services; the position classification plan shall include

(A) a grouping together of all positions into classes on the basis of duties and responsibilities;

(B) an appropriate title, a description of the duties and responsibilities, training and experience qualifications, and other necessary specifications for each class of positions;

(2) the preparation, maintenance, revision and administration by the director of personnel of a pay plan for all positions in the classified and partially exempt services; the pay plan (A) shall be based upon the position classification plan; (B) shall provide for fair and reasonable compensation for services rendered, and reflect the principle of like pay for like work; (C) may be amended, approved, or disapproved by the legislature in regular or special session; after the pay plan is in effect, a salary or wage payment may not be made to a state employee covered by the plan unless the payment is in accordance with this chapter and the rules adopted under this chapter or unless the pay-

ment is in accordance with  
ance with AS 23.40;

(3) the use of employee sei  
tive examinations, when app  
and fitness of the person exa  
in which employment is so

(4) the establishment and  
ment and promotion provid  
order of their relative perf

(5) the procedure for certi  
under this paragraph may i  
for certifying local residen

(6) promotions from with  
and candidates in the state  
tion whenever practicable e

and promotion shall be by  
ble; in considering promoti  
ance records, seniority,

(7) a period of probation  
ment to a position become

ployee receiving a promotio  
in the service and job clas

the probationary period an  
right of appeal, notwithsta  
dismissed from the service

ply.  
(8) nonpermanent and  
state service in accordan

(9) provisional appoint  
appropriate eligible lists

(10) transfers from one  
merit system jurisdiction

(11) transfers from on  
(12) the reinstatement

(13) layoffs for reason  
tions, or material change  
and seniority records sha

orders;  
(14) the development,  
ance records;

(15) the establishmen  
disciplinary suspension

(16) the procedures f  
volving employee an  
grievances of the gener  
personnel system;

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 279  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
Title: Establishing Alaska Racing Commission and authorizing off-track parimutuel wagering  
BRU: Alaska Racing Commission  
Sponsor: Senate C & RA Components: \_\_\_\_\_  
Requester: Senate C & RA

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES			130.1	321.4	321.4	321.4
TRAVEL			9.2	12.6	12.6	12.6
CONTRACTUAL			32.9	72.2	72.2	72.2
SUPPLIES			2.5	5.0	5.0	5.0
EQUIPMENT			10.0			
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	184.7	411.2	411.2	411.2

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	307.5	1,230.0	1,230.0	1,230.0
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FUNDING: (Thousands of dollars)

GENERAL FUND			184.7	411.1	411.2	411.2
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	184.7	411.2	411.2	411.2

POSITIONS:

FULL-TIME	0	0	5	6	6	6
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The effective date of SB 279 is July 1, 1990; therefore, no costs would be incurred until FY 91. See attached analysis.

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Phone: 465-2500  
Date: 4-24-89

Approved by Commissioner: Larry Mercurieff  
Agency: Department of Commerce & Economic Development

Phone: 465-2500  
Date: 4/25/89

Distribution (by preparer):

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Under Sec. 05.50.100 (e), the Commission may establish an annual fee for each location, which must reflect the cost of regulating off-track betting. Further, the amount of the fee shall be offset by the amount paid to the commission under AS 05.40.110(b) (1% of gross receipts from exotic races). As the Commission will set license fees by regulation, it is not possible at this time to estimate revenues generated by those fees.

The department recommends that Sec. 05.40.110 be amended to include standard program receipt authority language.

This fiscal note assumes that there would be two licensees in the state, with two major facilities, as well as branches in Anchorage, Fairbanks, Juneau and Kodiak.

**FY 91 Expenditure Detail:**

**Personal Services**

Executive Director, Range 24, 6 months	\$ 36,700
Clerk Typist III, Range 8, 6 months	13,867
Licensing Examiner, Range 12, 6 months	18,350
State Satellite Supervisor, Range 21 x 6 months x 2	<u>61,200</u>

Each major location will have a full-time supervisor on site; branch locations will receive frequent but unscheduled visits by a supervisor.

This analysis assumes two major locations the first year and full operation by the second year.

Subtotal	\$130,117
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**Travel**

Three commission meetings in Anchorage at two days each. The travel budget assumes three commissioners are appointed from the Anchorage area, one from Fairbanks and one from Juneau. Staff positions, except some of the supervisors, are located in Anchorage.

Commission meetings	\$ 4,194
Staff travel	<u>5,000</u>
Subtotal	\$ 9,194

**Contractual**

Audits, security, investigator, hearing officer, etc.	\$ 20,000
Postage, communications, printing, advertising, etc.	7,500
Office space	<u>5,400</u>
Subtotal	\$ 32,900

Supplies	\$ 2,500
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Equipment	\$ 10,000
<b>FY 91 Total General Fund Expenditures</b>	<b>\$ 184,700</b>

FY 91 Revenue Detail:

Revenue estimates are based on the following for full operation:

Total daily handle \$300,000	
2% tax on \$100,000 =	\$2,000/day
3% tax on \$200,000 =	\$6,000/day
	\$8,000/day
	x 300 days of operation/year
	<u>\$1,230,000/year</u>

An additional 1% of the exotic race wagering (40% of total) would produce an additional \$1,200 per day for municipalities and state fairs.

For the first year of operation, this fiscal note assumes that revenues would be one-fourth of the above, or \$307,500.

FY 92 and Beyond Expenditure Detail:

**Personal Services**

Executive Director, Range 24	\$ 73,400
Clerk Typist, Range 8	27,736
Licensing Examiner, Range 12	36,700
Satellite Supervisors, Range 21 (61,200 x 3)	<u>183,600</u>
(Supervisors in each main location, and one who regularly visits each branch)	

Subtotal	\$ 321,436
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**Travel**

Four commission meetings in Anchorage	\$ 5,600
Director's travel	2,000
Staff travel	<u>3,000</u>
Subtotal	\$ 9,600

**Contractual**

Audits, security, investigator, hearing officer	\$ 50,000
Postage, communications, printing, advertising	15,000
Office space	<u>7,200</u>
Subtotal	\$ 72,200

**Supplies**

\$ 5,000

FY 92 and Beyond Revenue Detail:

See analysis under FY 91	\$1,230,000
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### NEW SECTION 1 - DEFINITIONS

Unless the context otherwise requires, words and phrases as used herein shall mean:

"Commission" shall mean the Alaska Horse Racing Commission, hereinafter created.

"Person" shall mean and include individuals, firms, corporations and associations.

"Race meets" shall mean and include any exhibition of thoroughbred, quarter horse, paint, Appaloosa horse racing, Arabian horse racing, or standard bred horse racing, where the pari-mutuel system is used.

"Exotic Race" shall mean any race involving a multiple wager.

Singular shall include the plural, and the plural shall include the singular - and words importing one gender shall be regarded as including all other genders.

### NEW SECTION 2 - ALASKA HORSE RACING COMMISSION

There is hereby created the Alaska Horse Racing Commission to consist of one Commissioner, appointed by the Governor and confirmed by the Senate and House. The Commissioner shall be a citizen, resident, and qualified elector of the State of Alaska for the past five years. The term of the Commissioner shall be six years. Commissioner shall hold office until his or her successor is appointed and qualified. Vacancies in the office of Commissioner shall be filled by appointment to be made by the Governor for the unexpired term. Any Commissioner may be removed

at any time at the pleasure of the Governor. Before entering upon the duties of his or her office, the Commissioner shall enter into a surety company bond, to be approved by the Governor and the Attorney General, payable to the State of Alaska, in the penal sum of \$25,000, conditioned upon the faithful performance of the Commissioner's duties and the correct counting and payment of all sums received and coming within his or her control under this chapter, and in addition thereto the Commissioner shall take and subscribe to an oath of office of the same form as that prescribed by law for elected state officials.

NEW SECTION 3 - EX OFFICIO NONVOTING MEMBERS

In addition to the Commission member appointed under this act, there shall be two ex officio nonvoting members consisting of - (1) one member of the Senate, and (2) one member of the House of Representatives. The member from the Senate shall be appointed by the President of the Senate and the member from the House of Representatives shall be appointed by the Speaker of the House of Representatives. Appointment shall be for the term of two years or for the period in which the appointee serves as a legislator, which ever expires first. Members may be reappointed, and vacancies shall be filled in the same manner as original appointments are made. The ex officio member shall assist in the policy-making, rather than administrative, functions of the Commission, and shall collect data deemed essential to further legislative proposals and exchange information with the Commission. The ex officio member shall be deemed engaged in

legislative business while in attendance upon the business of the Commission and shall be limited to such allowances as provided by law. Expenses of the ex officio members shall be paid from the Commission fund as being expenses relative to Commission business.

NEW SECTION 4 - COMMISSION ORGANIZATION -  
SECRETARY - RECORDS - ANNUAL REPORTS

Upon being appointed by the Governor, the Commissioner shall hire an employee secretary, and such other clerical, office, and other help as is necessary in the performance of the duties imposed upon it by this chapter. The Commission shall keep detailed records of all meetings and of the business transacted therein, and of all the collections and disbursements. The Commission shall prepared and submit an annual report to the Governor and Legislature. All records of the Commission shall be public records and as such subject to public inspection.

NEW SECTION 5 - COMMISSIONER TO ISSUE LICENSES  
FOR PARI-MUTUEL BETTING

Pari-mutuel wagering and off-track satellite wagering are hereby authorized and it shall be the duty of the Commissioner, as soon as it is possible after organization to prepare and promulgate a complete set of rules and regulations to govern the pari-mutuel wagering of simulcast and satellite locations in this state. It shall be unlawful for any person to conduct simulcast or satellite pari-mutuel wagering without having first obtained and having in force and effect a license issued by the Commission as provided for in this chapter - and paying the fee which shall

be set by the Commissioner. Said license issued under this section shall be for a period of five years.

NEW SECTION 6 - COMMISSION TO REGULATE AND  
LICENSE MEETS - INSPECTION

The Commission created by this chapter is hereby authorized, and it shall be its duty, to license, regulate, and supervise all simulcast and satellite pari-mutuel wagering held in this state under the terms of this chapter, and to cause the various locations to be visited and inspected at least once a year.

NEW SECTION 7 - APPLICATION FOR ISSUANCE OF LICENSE

The Commissioner shall be the sole judge of whether or not the applicant shall be licensed. No person who has been convicted of any crime involving moral turpitude shall be issued a license, nor shall any license be issued to any person who has violated the terms or provisions of this chapter, or any of the rules and regulations of the Commission made pursuant thereto, or has failed to pay the Commission any or all sums required under the provisions of this chapter. No person who has not been a resident of the State of Alaska for at least five years immediately preceding the application shall be issued a license, nor shall any license be issued to an association or corporation unless a majority of their stockholders have been residents of the State of Alaska for the past five years. Any unexpired license held by any person who violates any of the provisions of this chapter, or any of the rules or regulations of the Commission made pursuant thereto, or who fails to pay to the Commission

any and all sums required under the provisions of this chapter, shall be subject to cancellation and revocation by the Commission. Such cancellation shall be made only after a summary hearing before the Commission, of which three days' notice, in writing, shall be given to the licensee, specifying the grounds for the proposed cancellation, and at which hearing the licensee shall be given an opportunity to be heard in opposition to the proposed cancellation.

NEW SECTION 8 - PROHIBITIVE PRACTICES -  
PARI-MUTUEL SYSTEM PERMITTED

(1) It shall be unlawful -

(a) To conduct pool selling, bookmaking, or to circulate handbooks - or,

(b) To bet or wager on any horse race other than by the pari-mutuel method - or,

(c) For any licensee to take more than the percentage provided in New Section 12 of this act - or,

(d) For any licensee to compute breaks in the pari-mutuel system otherwise than at 10¢.

(2) Any willful violation of the terms of this chapter, or of any rule, regulation, or order of the Commission shall constitute a gross misdemeanor and when such violation is by a person holding a license under this chapter, the Commission may cancel the license held by the offender, and such cancellation shall operate the forfeiture of all rights and privileges granted by the Commission and of all sums of money paid to the Commission by

the offender; and the action of the Commission in this respect shall be final.

(3) The Commission shall have the power to exclude from any and all pari-mutuel wagering locations in the State of Alaska any person whom the Commission deems detrimental to the best interests of racing or any person who willfully violates any of the provisions of this chapter or of any rule, regulation, or order issued by the Commissioner.

(4) Every pari-mutuel wagering, simulcasting or satellite reception held in this state contrary to the provisions of this chapter is hereby declared to be a public nuisance.

(5) Except as provided in this act the state preempts the field of imposing taxes on pari-mutuel wagering authorized under this act.

NEW SECTION 9 - GROSS RECEIPTS AND FEES -  
COMMISSION PERCENTAGE - DISPOSITION

In addition to the license fees required by this chapter, the licensee shall pay to the Commission the percentage of gross receipts of all pari-mutuel machines at each race track in accordance with New Section 11, which sum shall be paid daily to the Commission.

NEW SECTION 10 - SATELLITE LOCATIONS - PARI-MUTUEL WAGERING

The Commission's authority to approve satellite wagering is subject to the following limitations -

(1) The Commission shall approve only one satellite license for each two hundred thousand population. The satellite licensee

may, however, with the Commission approval have multiple locations throughout the State of Alaska.

(2) Subject to local land use ordinances, the Commission shall be the sole judge of whether approval to conduct wagering at a satellite location shall be granted.

(3) The licensee shall combine the pari-mutuel pool of the satellite locations for the purpose of determining odds and computing payoffs.

NEW SECTION 11 - SATELLITE WAGERS -  
GROSS RECEIPTS - COMMISSION PERCENTAGE

(1) The licensee shall pay to the Commission daily for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers on all races -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall pay to the Commission two percent of the daily gross receipts of pari-mutuel machines from satellite wagers;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall pay the Commission three percent on daily gross receipts exceeding one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee shall pay daily to the Commission an addition one percent of gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) As used in this section, exotic races means any multiple wager.

NEW SECTION 12 - SATELLITE WAGERS -  
GROSS RECEIPTS - LICENSEES PERCENTAGE

(1) The licensee may retain for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall retain seventeen percent of such gross receipts;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall retain sixteen percent of such gross receipts in excess of one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee may retain an additional four percent of the daily gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska State Fair. To carry out the intent of this section, the State Treasurer is hereby authorized and directed to create a State Fair Fund within the General Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated State Fair Fund.

(4) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska cities and/or bur<sup>ro</sup>oughs in which satellite locations are established to carry out the intent of this section, the State Treasurer is hereby authorized and directed to create within the General Fund a Municipal and/or Bur~~ro~~ough Satellite Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated Municipal and Burrough Satellite Fund.

The funds created by subsection (3) and (4) shall be distributed by the Commissioner based upon a formula arrived at after consulting with representatives of Alaska cities and burroughs and state fairs.

#### NEW SECTION 13 - SATELLITE LOCATIONS - FEES

The Commission is authorized to establish and collect an annual fee for each separate satellite location. The fee to be collected from the licensee shall be set to reflect the Commission's expected costs of approving, regulating, and monitoring each satellite location, provided Commission revenues generated under New Section 11(2) from the licensee shall be credited annually towards the licensee's fee assessment under this section.

#### NEW SECTION 14 - SEVERABILITY

In case any part of portion of this chapter shall be held unconstitutional, such holding shall not effect the validity of this chapter as a whole or any other part or portion of this

chapter not adjudged unconstitutional. All acts and conflict  
herewith are hereby repealed.

SIMULCAST RACING ALASKA, INC.

<u>NAME:</u>	<u>YEARS STATE RESIDENCY</u>
Bob Weel	35 Years
Bob Wilson	33 Years
Bob McGrane	32 Years
Andy Milner	30 Years
Joy Donelson	26 Years
Don Rostron	27 Years
Tom Barry	19 Years
Mike Stepp	19 Years
Janet Bolvin	18 Years
Hy Walsky	14 Years
John Bagoy	66 Years
Colleen M. Glenn (Daughter; George Sullivan 66 Year Res.)	
Karl Bachner	62 Years
Chuck Johnson	43 Years
Dorothy Barrett	42 Years
Dick Pope	39 Years
Anita Stewart - Brechan	39 Years
Bob Rocker	38 Years
Derrall McBirney	37 Years
Bill Jones	37 Years

BILL NO: HB 29

DATE: January 18, 1989

TITLE: "An Act establishing the  
Alaska Racing Commission  
and authorizing parimutuel  
wagering..."

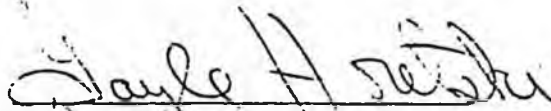
CONTACT: Gayle A. Horetski  
Deputy Commissioner  
465-4322

DEPARTMENT OF  
PUBLIC SAFETY

House Bill 29 will legalize parimutuel betting at horse races and regulate horse racing at sanctioned events for the purpose of allowing parimutuel wagering.

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

The Department of Public Safety has no position on this bill.

  
for Arthur English  
Commissioner

PERMITS

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act establishing the Alaska Racing Commission . . ."  
Sponsor: Representative Larson  
Requestor: House Labor & Commerce

Agency Affected: Department of Law  
BRU: Legal Services  
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	75.0	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	75.0	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	75.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director  
Division: Administrative Services

Phone: 465-3672  
Date: January 18, 1989

Approved by Commissioner: Richard I. Pegues  
Agency: Department of Law

Date: January 18, 1989

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

CSHB 29 (L&C)  
HOUSE 2/3/89

This bill amends AS 05 by establishing the Alaska Racing Commission and by authorizing parimutuel wagering at sanctioned horse race events. The bill provides that the commission, and its staff, would be responsible for regulating all sanctioned events under a comprehensive regulatory scheme that covers nearly every aspect of race operations and wagering. It is our view that a substantial body of regulations will need to be drafted and adopted to carry out the purposes of this bill. We are therefore requesting \$75,000, as a one-time expense, to handle the drafting effort. We believe that this is the minimum amount necessary to insure proper regulatory oversight, if this form of legalized wagering is authorized in the state.

Unfortunately, we cannot predict future legal costs that may occur once sanctioned racing is established, because of our total lack of experience in this area. It is conceivable, however, that if racing becomes well established that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to racing activity. Because of the severe budget constraints that have already been felt by the department, and because of further budget reductions that may take place in FY 90, it will be necessary to request additional funds when and if racing activities so warrant.

FISCAL NOTE

REQUEST:

Revision Date: 4/11/89  
Title: "An Act establishing the Alaska Racing Commission..."  
Sponsor: Representative Larson  
Requestor: Representative Larson

Agency Affected: Public Safety  
BRU: Alaska State Troopers  
Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

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	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
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: (Attach a separate page if necessary)

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

Prepared by: Gavle A. Horetski, Deputy Commissioner  
Division: Office of the Commissioner

Phone: 465-4322  
Date: 4/11/89

Approved by Commissioner: *L.A. H.* Arthur English  
Agency: Department of Public Safety

Date: 4/11/89

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1989

SUBJECT: Off-track Gambling  
CSHB 29( )

TO: Senator Bettye Fahrenkamp

FROM: Terri Lauterbach *Terri*  
Legislative Counsel

Enclosed is a draft of a blank CS for HB 29. It includes the material on off-track gambling in a separate article, as you requested. It uses the material you submitted, with the following exceptions:

(1) The structure of the Alaska Racing Commission as it already existed in HB 29 is used rather than setting up a separate commission for the off-track licensing.

(2) I did not use the obviously unconstitutional 5-year durational residency requirement for persons who wish to be licensed to hold off-track events.

(3) The attempted dedication of funds in the submitted material has been changed to the usual language requiring separate accounting for the funds and discretionary appropriation of the funds for the desired purpose.

I have not been able to contact Mr. Dirkin. Since you seem interested in having a draft as soon as possible, I am sending it to you now so that Mr. Dirkin can have the benefit of the actual language in front of him if you wish to have him review the bill.

Please let me know if I can be of further assistance.

TL:kb  
wkk2/059

Enclosure

SYNOPSIS - CS HOUSE BILL 29

HB 29 PROVIDES FOR THE ESTABLISHMENT OF AN ALASKA RACING COMMISSION AND DELINEATES THE REQUIREMENTS FOR THE CONDUCT OF "RACE MEETS". "RACE MEETS" MEANING THE ACTUAL PERFORMANCE OF LIVE HORSES RACING AT A TRACK FACILITY APPROVED BY THE APPROPRIATE STATE COMMISSION AND CONDUCTED BY A LICENSED RACE MEET OPERATOR IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. MUCH INFORMATION HAS ALREADY BEEN AVAILABLE ON THIS SECTION OF THE BILL SO THIS REPORT WILL CONCENTRATE MORE FULLY ON THAT PORTION OF THE BILL COMMENCING WITH ARTICLE 3, "OFF TRACK EVENTS".

THIS "OFF TRACK EVENTS" LEGISLATION IS SIMILAR TO THAT WHICH IS NOW IN EXISTENCE IN SOME 35 STATES. IT ALLOWS AN "OFF TRACK EVENT" LICENSEE TO PROVIDE FOR THE PUBLIC, SUBJECT TO THE RULES AND REGULATIONS PROMULGATED BY THE COMMISSION, FACILITIES WHEREIN ONE CAN WATCH LIVE RACING FROM STATES SUCH AS WASHINGTON AND CALIFORNIA MUCH IN THE SAME MANNER AS YOU VIEW YOUR TELEVISION AT HOME. THE THREE MAIN DIFFERENCES BEING (1) THE TELEVISION SCREENS WOULD BE LOCATED IN A SEPERATE BUSINESS FACILITY SIMILAR TO A RESTAURANT LOUNGE. (2) THE TELECAST WOULD BE VIEWED SIMULTANEOUSLY WITH ITS HAPPENING AT THE ORIGINATING RACE TRACK THROUGH THE TECHNOLOGY OF SATELLITE COMMUNICATIONS AND, (3) ONE WOULD BE PERMITTED TO MAKE WAGERS ON THE OUTCOME OF EACH RACE WITH ALL WAGERS REGISTERED INTO AND ALL PAYOFFS DETERMINED BY SOPHISTICATED COMPUTER SYSTEMS DESIGNED SPECIFICALLY FOR SUCH PURPOSE, EXACTLY AS ONE WOULD PARTICIPATE WERE HE/SHE ACTUALLY AT THE RACE TRACK.

LICENSEE'S SHARE

THE LEGISLATION DIRECTS THAT A MAXIMUM OF 17% OF THE DAILY GROSS RECEIPTS BE RETAINED BY THE LICENSEE FOR COSTS OF OPERATION AND PROFIT. THIS, COUPLED WITH THE 3% PROVIDED FOR STATE TAXES ASSURES A RETURN OF 80% TO THE PARTICIPANTS.

STATE REVENUE

THE LEGISLATION DIRECTS A DAILY MUTUEL TAX ON "OFF TRACK EVENTS" OF 2% OF THE FIRST \$100,000 OF WAGERING AND 3% OF WAGERING IN EXCESS OF \$100,000. ADDITIONALLY, 1% OF ALL EXOTIC (MULTIPLE WAGERS ie., DAILY DOUBLE, EXACTA, QUINELLA, PICK SIX, ETC.) WAGERING. ALL PAYMENTS ARE REMITTED ON A DAILY BASIS. ESTIMATED FISCAL IMPACT ON THE STATE OF ALASKA IS:

TOTAL DAILY HANDLE	\$150,000	
2% TAX ON \$100,000		\$2,000 per day
3% TAX ON 50,000		1,500 per day
1% TAX ON EXOTIC RACES 60,000		600 per day
(EXOTICS COMPRISE 40% OF TOTAL HANDLE BY NATIONAL AVERAGE)		\$4,100 per day
ANTICIPATED DAYS OF OPERATION		300
		<u>\$1,230,000 PER YEAR</u>

ADDITIONAL REVENUES WILL BE REALIZED FROM ADMISSION TAXES, FOOD AND BEVERAGE TAXES, AND CORPORATION INCOME TAX.

EMPLOYMENT

THE CREATION OF 30 TO 50 NEW JOBS IS CONTEMPLATED, DEPENDING ON THE DEGREE OF PUBLIC ACCEPTANCE.

ADDITIONAL BENEFICIAL CONSIDERATIONS

BENEFIT TOURISM EFFORTS BY PROVIDING RECREATION AND ENTERTAINMENT OPTIO'S. PROVIDE ENTERTAINMENT TIE-IN WITH SPORTS COMPLEX DEVELOPMENT PROPOSED AT EAGLE RIVER AND HATCHER PASS AS WELL AS ALYESKA.

COULD BE USED AS A NETWORK TO SIMULCAST PALMER AND OTHER FAIRGROUND RACES THROUGHOUT ALASKA BENEFITING THE FAIR CIRCUIT WITH ENHANCED PARIMUTUEL HANDLE. COULD BE ADAPTED TO INCLUDE FUR RENDEZVOUS, FAIRBANKS ICE CARNIVAL, AND IDITAROD DOG RACES FOR THE PURPOSE OF DEVELOPING PURSE MONEY.



"OFF TRACK EVENT" FACILITY - BELLINGHAM, WA.

U.S. Postage  
PAID  
Bulk Rate  
Permit No. 9556  
Seattle, WA

# 12th Annual SHOWCASE 1989



Wildwood  
Willie

## Bring Your Lucky Charm. . .

Because this year, in addition to good food and good company, we'll be holding a stallion seasons drawing at our yearly showcase. All you have to do is be on hand for the food and fun and you'll be eligible to win a 1990 breeding season to **CAPT. DON, AURIUM, BABY CHILE, LOCUST BAYOU, or HANDSOME ONE.**

Place: **Wildwood Farm**

Date: **Sunday, October 1st**

Time: **Noon 'til 5:00 p.m.**

Lunch: **Salmon Bar-B-Que**  
Served at 12:00 noon

Your Hosts: **Bill & Barbara Black**

### Wildwood Farm Stallions for 1990

#### AURIUM

(Mr. Prospector x Barely Even, by Creme de la Creme)

#### BABY CHILE

(Medaille D'or x Sunny Ruler, by Sir Ruler)

#### CAPT. DON

(Don B. x Gay Millie, by My Host)

#### FAMILY PHYSICIAN

(Dr. Fager x Look Ma, by Native Dancer)

#### GALLANT BEST

(Best Turn x Gallant Fashion, by Gallant Man)

#### HANDSOME ONE

(Cougar II x She's Beautiful, by On-and-On)

#### HOLY WAR

(Damascus x Kingsland, by Bold Ruler)

#### LOCUST BAYOU

(Majestic Prince x Myrtlewood Beauty, by Never Bend)

#### PIRATEER

(Roberto x Joans Paris, by Chieftain)



**Wildwood Farm**

Bill & Barbara Black  
2326 N. Happy Valley Rd.  
Oak Harbor Washington 98277

**Wildwood Farm**

2326 N. Happy Valley Rd., Oak Harbor, WA 98277 • (206) 679-3474  
Breeding • Boarding • Lay Ups • Sales Preparation • Breeding & Training

## Wildwood Farm Features...

### Breaking & Training

Horses of all ages in our all-weather 75-stall barn, complete with indoor 66' x 120' arena, surgery room and 6-horse overhead walker. Make an appointment now for sets beginning in October, November or January.

### Full Sales Preparation & Representation

Bill Black will be available to discuss either buying or selling in California, Kentucky, Washington, Florida, etc.

NOW ACCEPTING CONSIGNMENTS  
FOR THE

W.T.B.S.C. WINTER MIXED SALE.



## ASK ABOUT WILDWOOD FARM RACING SYNDICATES

We are now in the process of forming several syndicates for next year's racing season.

# Wildwood Farm Stallions for 1990

## AURIUM

A son of MR PROSPECTOR, out of \$300,604 stakes winner BARELY EVEN from one of America's most productive female families. Dam of four stake winners, including Grade One Juvenile winner ONE OF A KLEIN. AURIUM offers Washington breeders a chance to breed to one of North America's best bred sons of MR. PROSPECTOR. MR. PROSPECTOR, the world's leading sire in 1988, is also the sire of the 7th leading sire FAPPIANO, and current leading sires MISWAKI, MAEVUS (sire of undefeated 2YO sensation KING GLORIOUS, DISTINCTIVE PRO, and CONQUISTADOR CIELO.

Property of a syndicate.

## BABY CHILE

Stakes winner and GR-3 stakes placed of \$109,910 by champion MEDAILLE D'OR. Half brother to MORPHY (SP \$116,786.) and to WELL CONTENT, dam of SW TWO TIMIN TONY. BABY CHILE brings to the Northwest the blood of the great champion and triple crown winner SECRETARIAT and the champion race mare and great producer FANFRELUCHE, who is by NORTHERN DANCER.

BABY CHILE will stand his first full season in 1990.

Property of Kelly Bensley.

## CAPT. DON

A versatile multiple SW of 17 races and \$353,723. CAPT. DON's progeny have proven themselves against high-quality competition going both short and long. Sire of 1988 3YR old filly of the year NIFTY MISTY DAWN, (SW \$99,192), HOLDER ME (SW \$100,00) and CASH BUYER (SW \$32,000). In 1989, he has out produced the stakes horse CAPT. DON C. and the good 3YR old sprinter SMOKING COWE.

Property of a syndicate.

## GALLANT BEST

Sire of champion sprinter and 1988 Horse of the Year GALLANT SAILOR, REVE DU CHAMPION (Champion 2YR old, 3YR old and Horse of the year in British Columbia) and SW's DONALDA, LET'S CALL IT RONI and KELLER SPECIAL. His 12 2YR olds winners ranked him as Washington's leader and his \$743,600 ranked him 2nd in total monies won for 1988 with only four crops to race. In 1989, he currently ranks 3rd (7-9-89) in total monies won. His good 3YO and colt CAPT. QUICKSILVER just ran 2nd, beaten a neck in the \$100,00 Canadian Derby. Property of a Syndicate.

## HANDSOME ONE

By year-end Champion and sire of Kentucky Derby winner GATO DEL SOL (winner of \$1,340,107). HANDSOME ONE proved a major winner of stakes and \$387,575. Soundness and durability were his hallmarks as he raced from two through seven winning or placing in 26 races while competing against top-flight competition in Southern California at Santa Anita and Hollywood Park. A half-brother to Gr.I SW and sire FORCETEN, HANDSOME ONE's first foals are 2YR olds in 1989 and are a sharp group. Property of a Syndicate.

## HOLY WAR

Sire of 1989 SW and track record holder (6 furlongs 1:07.3, Golden Gate), AMBESSA (SW \$111,483), DO RIGHT BY DUDLEY (SW \$147,311) and LAND WAR, (SW \$21,777). In 1988, HOLY WAR sired Horse of the Meet at Playfair, IWILLGETUIN THE END (SW \$62,772) and SW STREE I WAR. While ending the year 9th in total monies won. His 2YR olds in 1988 won \$129,558, ranking him 3RD on the Juvenile list. In 1989, HOLY WAR is currently in the top 15 on the leading sires list for money won, number of winners and lifetime sires of Juveniles. Property of a Syndicate.

## LOCUST BAYOU

By Kentucky Derby winner and Champion Sire MAJESTIC PRINCE (by RAISE A NATIVE), LOCUST BAYOU was a consistent stakes winner, winning or placing in 9 of 12 starts at 2,3, and 4. From one of America's great sire lines and stemming from the foundation mare MYRTLEWOOD. LOCUST BAYOU has the pedigree, race record, and conformation, necessary ingredients to become a successful sire. His first foals are yearlings of 1989 and are very good lookers. Property of Loblolly Stable.

## PIRATEER

Sire of SARATOGA PASSAGE, Washington's all time leading money earner of \$653,712, Champion 2 year old and Horse of the year in 1987, Washington's only Gr.I winning colt, having won the Gr I Norfolk as a two year old and the Gr. I Eddie Read Handicap as a 4 year old. LAFEET LAFEST is a stakes winner who now has earned \$123,000 and also the good fillies PIRATE ANNIE (\$123,500) and VELVETEEN (\$139,025). In 1980, he currently ranks 7th (7-9-89) in total monies won and in the top 20 in number of winners. Property of a Syndicate.

1 IN THE SENATE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing off-track parimutuel racing as  
7 charitable gaming."

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

9 \* Section 1. AS 05.15.060 is amended by adding a new paragraph to read:

10 (13) the determination of the percentage of total wagers in  
11 an off-track parimutuel wagering event that must be distributed to the  
12 holders of tickets on winning horses or combinations of horses; the  
13 department may differentiate between the total wagers involving com-  
14 binations of horses and the total wagers involving a single horse, and  
15 may authorize the permittee or operator to retain breakage not to  
16 exceed 20 percent of the total pool in a race.

17 \* Sec. 2. AS 05.15.100(a) is amended to read:

18 (a) The commissioner may issue a permit to a municipality or  
19 qualified organization. The permit gives the municipality or quali-  
20 fied organization the privilege of conducting bingo, raffles and  
21 lotteries, pull-tab games, ice classics, rain classics, goose clas-  
22 sics, mercury classics, salmon classics, dog mushers' contests, fish  
23 derbies, off-track parimutuel wagering events, and contests of skill.

24 \* Sec. 3. AS 05.15.115(c) is amended to read:

25 (c) A permittee may not contract with more than one operator at  
26 a time to conduct the same type of activity. For the purposes of this  
27 subsection, bingo games, raffles, lotteries, pull-tab games, ice  
28 classics, rain classics, goose classics, mercury classics, salmon  
29 classics, dog mushers' contests, off-track parimutuel

1        wagering, contests of skill, and all activities permitted under  
2 AS 05.15.100(b) are each a different type of activity.

3 \* Sec. 4. AS 05.15.128 is amended by adding a new subsection to read:

4            (c) Except as provided in this subsection, subsections (a) and  
5 (b) of this section do not apply to the extent an operator is conduct-  
6 ing off-track parimutuel wagering on behalf of a permittee. The  
7 department shall adopt regulations specifying the percentage of  
8 adjusted gross income from off-track parimutuel wagering that an  
9 operator must pay to a permittee. The department shall revoke the  
10 license of an operator who fails to comply with these regulations for  
11 two consecutive quarters. The operator may appeal the revocation as  
12 provided in (b) of this section.

13 \* Sec. 5. AS 05.15.160(a) is amended to read:

14            (a) The only expenses that may be incurred or paid in connection  
15 with the operation of an activity under a permit issued under this  
16 chapter are bona fide expenses reasonably necessary for

17                    (1) goods, wares, [AND] merchandise, and, in the case of  
18 off-track parimutuel wagering, televising rights, necessary for the  
19 operation of the activity;

20                    (2) personal services involved with the operation of the  
21 activity, including those performed by

22                                    (A) an employee of the permittee; or

23                                    (B) an operator hired by the permittee to conduct the  
24 activity if the compensation is not related to the receipts from  
25 the activity.

26 \* Sec. 6. AS 05.15.180(a) is amended to read:

27            (a) Except as provided in AS 05.15.100(b), this chapter does not  
28 authorize the use of playing cards, dice, roulette wheels, coin-  
29 operated instruments or machines, or other objects or instruments

1 used, designed, or intended primarily for gaming or gambling or any  
2 other method or implement not expressly authorized by the commission-  
3 er. Equipment for the processing of parimutuel wagers may be used in  
4 off-track parimutuel wagering.

5 \* Sec. 7. AS 05.15.180(b) is amended to read:

6 (b) With the exception of raffles, lotteries, bingo games, pull-  
7 tab games, rain classics, goose classics, mercury classics, salmon  
8 classics, off-track parimutuel wagering, and other activities author-  
9 ized under AS 05.15.100(b), an activity may not be licensed under this  
10 chapter unless it existed in the state in substantially the same form  
11 and was conducted in substantially the same manner before January 1,  
12 1959.

13 \* Sec. 8. AS 05.15.180(f) is amended to read:

14 (f) A person under the age of 19 years may not play a bingo game  
15 or engage in off-track parimutuel wagering.

16 \* Sec. 9. AS 05.15.180(g) is amended to read:

17 (g) A municipality or a qualified organization may award a  
18 maximum of \$1,000,000 in prizes each year in activities authorized  
19 under this chapter; however, if a municipality or a qualified organi-  
20 zation contracts with an operator to conduct on its behalf activities  
21 authorized under this chapter, the municipality or qualified organiza-  
22 tion may award a maximum of \$500,000 in prizes each year. In this  
23 subsection, "activities authorized under this chapter" means all  
24 activities subject to this chapter other than bingo and off-track  
25 parimutuel wagering.

26 \* Sec. 10. AS 05.15.210 is amended by adding new paragraphs to read:

27 (35) "breakage" means the odd cents by which the amount  
28 payable on each dollar wagered in an off-track parimutuel wagering  
29 event exceeds a multiple of 10 cents;

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(36) "off-track parimutuel wagering" means a form of wagering on the outcome of horse races shown by closed-circuit television at a location different from the location where the race takes place in which those who wager personally purchase tickets of various denominations on a horse or combination of horses and all wagers for each race are pooled and held by the race televisor for distribution; when the outcome of the race has been decided, the race televisor distributes a percentage of the total wagers, according to regulations adopted by the department, to the holders of tickets on the winning horses or combination of horses.

ROUGH DRAFT

FOR AN ACT ENTITLED: "AN ACT AUTHORIZING OFF TRACK PARIMUTUEL HORSE RACING AS CHARITABLE GAMING."

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

\* Section 1. AS 05.15.020 is amended by adding a new subsection:

c. A parimutuel operator shall pay a fee to the Department of 1% of the gross receipts. The fee shall be paid every four weeks or at the time of any change of authorizing permittee.

\* Section 2. AS 05.15.100 (a) is amended to read:

(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, dog mushers contests, fish derbies, off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering events and contests of skill.

\* Section 3 AS 05.15.115 (c) is amended to read:

(c) A permittee may not contract with more than one operator at a time to conduct the same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab games, ice classics, dog mushers contests, fish derbies, off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering, contests of skill, and all activities permitted under AS 05.15.100 (b) are each a different type of activity.

\* Section 4 AS 05.15.128 is amended by adding a new subsection to read:

(c) Except as provided in this subsection, subsections (a) and (b) of this section do not apply to the extent an operator is conducting off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering on behalf of permittee.

1. A parimutuel operator licensee shall pay to each authorizing permittee two (2) percent of all daily gross receipts or thirty (30) percent of the net profit, whichever is greater.

2. A parimutuel operator licensee shall replace the authorizing permittee every four weeks or at any time the gross receipts for any authorizing permittee reaches \$3,000,000, whichever occurs first.

3. A parimutuel operator licensee may retain from daily gross receipts:

- a. 18 percent of all daily gross receipts
- b. An additional 5 percent of gross receipts from multiple wagers

The Department shall revoke the license of an operator who fails to comply with these regulations for two consecutive quarters. The operator may appeal the revocation as provided in (b) of this section.

\* Section 5 AS 05.15.160 (a) is amended to read:

(a) The only expenses that may be incurred or paid in connection with the operation of an activity under a permit issued under this chapter are bona fide expenses reasonably necessary for

(1) goods, wares, and merchandise, and, in the case of off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering, television rights, necessary for the operation of the activity

(2) personal services involved with the operation of the activity, including those performed by

- (A) an employee of the permittee; or
- (B) an operator hired by the permittee to conduct the activity if the compensation is not related to the receipts from the activity.

\* Section 6 AS 05.15.180 (A) is amended to read:

(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. Equipment for the processing of parimutuel wagers may be used in off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering.

\* Section 7 AS 05.15.180 (b) is amended to read:

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, fair classics, goose classics, mercury classics, salmon classics, off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering 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.

\* Section 8 AS 05.15.180 (f) is amended to read:

(f) A person under the age of 21 years may not play a bingo game or engage in off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering.

\* Section 9 AS 05.15.180 (g) is amended to read:

(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 and off-track Thoroughbred horses, Standard bred and Quarter horses race parimutuel wagering.

\* Section 10 AS 05.15.210 is amended by adding new paragraphs to read:

(35) "Breakage" means the odd cents by which the amount payable on each dollar wagered in an off-track parimutuel wagering event exceeds a multiple of 10 cents;

(36) "off-track parimutuel wagering" means a form of wagering on the outcome of horse races shown by closed circuit television at a location different from the location where the race takes place in which those who wager personally purchase tickets of various denominations on a horse or combination of horses and all wagers for each race are pooled and held by the race televisior for distribution; when the outcome of the race has been decided, the race televisior distributes a percentage of the total wagers to the holders of tickets on the winning horses or combination of horses.

1 IN THE SENATE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing off-track parimutuel racing as  
7 charitable gaming."

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

9 \* Section 1. AS 05.15.060 is amended by adding a new paragraph to read:

10 (13) the determination of the percentage of total wagers in  
11 an off-track parimutuel wagering event that must be distributed to the  
12 holders of tickets on winning horses or combinations of horses; the  
13 department may differentiate between the total wagers involving com-  
14 binations of horses and the total wagers involving a single horse, and  
15 may authorize the permittee or operator to retain breakage not to  
16 exceed 20 percent of the total pool in a race.

17 \* Sec. 2. AS 05.15.100(a) is amended to read:

18 (a) The commissioner may issue a permit to a municipality or  
19 qualified organization. The permit gives the municipality or quali-  
20 fied organization the privilege of conducting bingo, raffles and  
21 lotteries, pull-tab games, ice classics, rain classics, goose clas-  
22 sics, mercury classics, salmon classics, dog mushers' contests, fish  
23 derbies, off-track parimutuel wagering events, and contests of skill.

24 \* Sec. 3. AS 05.15.115(c) is amended to read:

25 (c) A permittee may not contract with more than one operator at  
26 a time to conduct the same type of activity. For the purposes of this  
27 subsection, bingo games, raffles, lotteries, pull-tab games, ice  
28 classics, rain classics, goose classics, mercury classics, salmon  
29 classics, dog mushers' contests, fish derbies, off-track parimutuel

1 wagering, contests of skill, and all activities permitted under  
2 AS 05.15.100(b) are each a different type of activity.

3 \* Sec. 4. AS 05.15.128 is amended by adding a new subsection to read:

4 (c) Except as provided in this subsection, subsections (a) and  
5 (b) of this section do not apply to the extent an operator is conduct-  
6 ing off-track parimutuel wagering on behalf of a permittee. The  
7 department shall adopt regulations specifying the percentage of  
8 adjusted gross income from off-track parimutuel wagering that an  
9 operator must pay to a permittee. The department shall revoke the  
10 license of an operator who fails to comply with these regulations for  
11 two consecutive quarters. The operator may appeal the revocation as  
12 provided in (b) of this section.

13 \* Sec. 5. AS 05.15.160(a) is amended to read:

14 (a) The only expenses that may be incurred or paid in connection  
15 with the operation of an activity under a permit issued under this  
16 chapter are bona fide expenses reasonably necessary for

17 (1) goods, wares, [AND] merchandise, and, in the case of  
18 off-track parimutuel wagering, televising rights, necessary for the  
19 operation of the activity;

20 (2) personal services involved with the operation of the  
21 activity, including those performed by

22 (A) an employee of the permittee; or

23 (B) an operator hired by the permittee to conduct the  
24 activity if the compensation is not related to the receipts from  
25 the activity.

26 \* Sec. 6. AS 05.15.180(a) is amended to read:

27 (a) Except as provided in AS 05.15.100(b), this chapter does not  
28 authorize the use of playing cards, dice, roulette wheels, coin-  
29 operated instruments or machines, or other objects or instruments

1 used, designed, or intended primarily for gaming or gambling or any  
2 other method or implement not expressly authorized by the commission-  
3 er. Equipment for the processing of parimutuel wagers may be used in  
4 off-track parimutuel wagering.

5 \* Sec. 7. AS 05.15.180(b) is amended to read:

6 (b) With the exception of raffles, lotteries, bingo games, pull-  
7 tab games, rain classics, goose classics, mercury classics, salmon  
8 classics, off-track parimutuel wagering, and other activities author-  
9 ized under AS 05.15.100(b), an activity may not be licensed under this  
10 chapter unless it existed in the state in substantially the same form  
11 and was conducted in substantially the same manner before January 1,  
12 1959.

13 \* Sec. 8. AS 05.15.180(f) is amended to read:

14 (f) A person under the age of 19 years may not play a bingo game  
15 or engage in off-track parimutuel wagering.

16 \* Sec. 9. AS 05.15.180(g) is amended to read:

17 (g) A municipality or a qualified organization may award a  
18 maximum of \$1,000,000 in prizes each year in activities authorized  
19 under this chapter; however, if a municipality or a qualified organi-  
20 zation contracts with an operator to conduct on its behalf activities  
21 authorized under this chapter, the municipality or qualified organiza-  
22 tion may award a maximum of \$500,000 in prizes each year. In this  
23 subsection, "activities authorized under this chapter" means all  
24 activities subject to this chapter other than bingo and off-track  
25 parimutuel wagering.

26 \* Sec. 10. AS 05.15.210 is amended by adding new paragraphs to read:

27 (35) "breakage" means the odd cents by which the amount  
28 payable on each dollar wagered in an off-track parimutuel wagering  
29 event exceeds a multiple of 10 cents;

1 (36) "off-track parimutuel wagering" means a form of wager-  
2 ing on the outcome of horse races shown by closed-circuit television  
3 at a location different from the location where the race takes place  
4 in which those who wager personally purchase tickets of various denom-  
5 inations on a horse or combination of horses and all wagers for each  
6 race are pooled and held by the race televisor for distribution; when  
7 the outcome of the race has been decided, the race televisor distrib-  
8 utes a percentage of the total wagers, according to regulations  
9 adopted by the department, to the holders of tickets on the winning  
10 horses or combination of horses.  
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## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Commerce & Economic Dev.  
 Title: Establishing Alaska Racing BRU: Alaska Racing Commission  
Commission and authorizing off-track pari-mutuel wagering  
 Sponsor: Senate C & RA Components: \_\_\_\_\_  
 Requestor: Senate C & RA

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	131.4	326.1	326.1	326.1	326.1	326.1
TRAVEL	9.2	10.6	10.6	10.6	10.6	10.6
CONTRACTUAL	34.2	78.3	78.3	78.3	78.3	78.3
SUPPLIES	2.5	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	20.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>197.3</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>690.0</b>	<b>2,760.0</b>	<b>2,760.0</b>	<b>2,760.0</b>	<b>2,760.0</b>	<b>2,760.0</b>

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	197.3	420.0	420.0	420.0	420.0	420.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>197.3</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>	<b>420.0</b>

**POSITIONS:**

FULL-TIME	5	6	6	6	6	6
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

The effective date of SB 279 is July 1, 1990; therefore, no costs would be incurred until FY 91. See attached analysis.

Prepared by: Guy Bell, Director Phone: 465-2505  
 Division: Administrative Services Date: 4-18-90  
 Approved by Commissioner: Larry Merculieff Date: 4-19-90  
 Agency: Department of Commerce & Economic Development

**Distribution (by preparer):**

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

Under Sec. 05.40.100 (e), the Commission may establish an annual fee for each location, which must reflect the cost of regulating off-track betting. Further, the amount of the fee shall be offset by the amount paid to the commission under AS 05.40.110(b) (1% of gross receipts from exotic races). As the Commission will set license fees by regulation, it is not possible at this time to estimate revenues generated by those fees.

The department recommends that Sec. 05.40.110 be amended to include standard program receipt authority language.

This fiscal note assumes that there would be two licensees in the state, with two major facilities, as well as branches in Anchorage, Fairbanks, Juneau and Kodiak.

**FY 91 Expenditure Detail:**

**Personal Services**

Executive Director, Range 24A, 6 months	\$ 37.3
Clerk Typist III, Range 8A, 6 months	14.5
Licensing Examiner, Range 12A, 6 months	17.8
State Satellite Supervisor, Range 21A x 6 months x 2	<u>61.8</u>

Each major location will have a full-time supervisor on site; branch locations will receive frequent but unscheduled visits by a supervisor.

This analysis assumes two major locations the first year and full operation by the second year.

Subtotal	\$131.4
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**Travel**

Three commission meetings in Anchorage at two days each. The travel budget assumes three commissioners are appointed from the Anchorage area, one from Fairbanks and one from Juneau. Staff positions, except some of the supervisors, are located in Anchorage.

Commission meetings	\$ 4.2
Staff travel	<u>5.0</u>
Subtotal	\$ 9.2

**Contractual**

Audits, security, investigator, hearing officer, etc.	\$ 20.0
Postage, communications, printing, advertising, etc.	7.5
Office space (600 sq. ft. @ \$1.85/sq.ft. x 6 mos.)	<u>6.7</u>
Subtotal	\$ 34.2

Supplies	\$ 2.5
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Equipment	\$ 20.0
<b>FY 91 Total General Fund Expenditures</b>	<b>\$197.3</b>

FY 91 Revenue Detail:

Revenue estimates are based on the following for full operation:

Total daily handle \$300,000	
2% tax on \$100,000 =	\$ 2,000/day
3% tax on \$200,000 =	\$ 6,000/day
	\$ 8,000/day
	x 300 days of operation/year
	<u>\$ 2,400,000/year</u>

An additional 1% of the exotic race wagering (40% of total) would produce an additional \$1,200 per day for municipalities and state fairs (AS 05.40.110(b) and (c)), or \$360,000 annually.

	2,400,000
	<u>360,000</u>
	2,760,000

For the first year of operation, this fiscal note assumes that revenues would be one-fourth of the above, or \$690,000.

FY 92 and Beyond Expenditure Detail:

**Personal Services**

Executive Director, Range 24A	\$ 74.3	
Clerk Typist, Range 8B	29.8	
Licensing Examiner, Range 12B (3 @ \$61.8)	36.6	
Satellite Supervisors, Range 21A	<u>185.4</u>	
(Supervisors in each main location, and one who regularly visits each branch)		
Subtotal		<b>\$326.1</b>

**Travel**

Four commission meetings in Anchorage	\$ 5.6	
Director's travel	2.0	
Staff travel	<u>3.0</u>	
Subtotal		<b>\$ 10.6</b>

**Contractual**

Audits, security, investigator, hearing officer	\$ 50.0	
Postage, communications, printing, advertising	15.0	
Office space (600 sq. ft. @ \$1.85/sq.ft. x 12 mos.)	<u>13.3</u>	
Subtotal		<b>\$ 78.3</b>

<b>Supplies</b>	<b>\$ 5.0</b>
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<b>FY 92 and Beyond Total General Fund Expenditures</b>	<b>\$420.0</b>
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FY 92 and Beyond Revenue Detail:

See analysis under FY 91	<b>\$ 2,760,000</b>
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**FISCAL NOTE**

**REQUEST:**

Revision Date: April 26, 1990  
Title: "An act authorizing off-track  
parimutuel racing as charitable gaming."  
Sponsor: Senate C & RA  
Requestor: Senate C & RA

Agency Affected: Department of Law  
BRU: Prosecution, Legal Services

Components: All, Legal Services

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	75.0	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>75.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	75.0	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Please see the attached analysis.

Prepared by: Richard L. Peques Director Phone: 465-3672  
Division: Administrative Services Date: April 26, 1990  
Approved by Commissioner: Richard L. Peques / FOR /  
Douglas B. Bailly, Attorney General Date: April 26, 1990  
Agency: Department of Law

**Distribution (by preparer):**

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 279 (C & RA)

This committee substitute for SB279 substantially revises the original bill, which would have established off-track parimutuel wagering and a Racing Commission. The new version of the bill permits off-track wagering, but would do so under existing law (AS 05.15) governing games of chance and contests of skill conducted by municipalities and qualified not-for-profit organizations.

In view of the difficulties now coming to light concerning existing charitable gaming operations, the department still believes that a substantial body of regulations will need to be drawn in order to insure proper regulatory oversight. Consequently, the department's original request for an outside consultant to accomplish the regulations drafting is continued.

The department cannot predict future legal costs that may occur once off-track wagering is established, because this form of wagering is totally new to Alaska. Currently, nearly all of the time of one of our civil attorney's is being spent assisting the Department of Commerce in its efforts to regulate existing forms of charitable gaming. Because of the large sums that would become involved with off-track wagering, and due to apparent arising problems between permittees and operators, future legal costs could significantly eclipse the current cost for such services. Moreover, the potential for fraud cannot be overlooked and new prosecution services may also be required at some future date. Because of the severe budget constraints already being felt by the Department of Law, it will be necessary to request additional funds at such time as off-track wagering activities require additional legal or prosecution services. Otherwise, effective state regulation of off-track parimutuel wagering will not be possible.

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1990

SUBJECT: Bill authorizing off-track betting as charitable gaming  
(Work Order No. 6-2104)

TO: Senator Al Adams  
Attn: Martha Stewart

FROM: John B. Gaguine <sup>JBG</sup>  
Legislative Counsel

Enclosed is a bill that would authorize permittees and operators under AS 05.15 to conduct off-track betting. I have used SB 279 as a general model, but, as you can see, this bill is much simpler than SB 279. One major difference is that SB 279 sets out by statute the various percentages of gross receipts that the off-track license holder must give to the state and may keep for itself, while this bill allows the Department of Commerce and Economic Development to set those percentages by regulation. (The bill does specify that failure of an operator to turn over to the permittee 15% of the gross income from off-track betting will not lead to revocation of the operator's license, since I believe that off-track betting will return a higher percentage of the gross to the bettors than do pull-tabs or bingo.) If you want, I can put the percentages of SB 279 into this bill, although, since the money is now going to a charity, rather than the state, the numbers likely should be different.

Another major difference is that SB 279 would create a racing commission with employees to regulate off-track betting, while this bill would leave the regulatory function with DCED. As long as DCED was adequately funded to handle this function, I do not see the lack of a separate commission as a problem.

Note that SB 279 limits the number of off-track betting permits that can be issued to three (although each of those three can apparently open an unlimited number of locations).

Senator Al Adams  
Page 2  
February 2, 1990

I have not tried to put any limits in this bill, as I figure the expense of equipping and running an off-track operation should create an adequate limit. If you wish I can include a limit, but then there would have to be a mechanism for deciding who gets the limited number of permits.

Under this bill persons under the age of 19 cannot bet. I used 19 because it was already in the law as the minimum age for bingo. It does not make much sense to me - 18 would seem more sensible.

Section 9 of the bill exempts off-track betting from the \$1,000,000 annual ceiling (\$500,000 if there is an operator in charge), as you requested. I think that this is necessary - I don't think an off-track betting operation could possibly succeed if its gross receipts were limited to \$1,000,000 a year, let alone \$500,000.

One area that you might want to include here is beefed-up criminal penalties. Currently violations of AS 05.15 are punishable only as violations (\$300 maximum fine for natural persons) for the first offense, and class B misdemeanors (90 days in jail, \$1000 fine maximum for natural persons) for subsequent violations. Since off-track betting will likely be generating substantially more money than the activities currently covered by AS 05.15, stiffer criminal penalties might be warranted.

If I may be of further assistance, please advise.

JBG:pl  
WKP1/083

Enclosure



# Alaska State Legislature

Senator Mike Szymanski

While in Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4978


Interim:  
3111 C Street, Suite 510  
Anchorage, Alaska 99503  
(907) 561-7617

or  
165 E. Parks Highway  
Wasilla, Alaska 99687  
(907) 376-6453

April 30, 1990

## MEMORANDUM

TO: Senator Jan Faiks, Chairman  
Senate Judiciary Committee

FROM: Senator Mike Szymanski 

RE: Request for Hearing

I respectfully request that you schedule CSSB 279 (C&RA), authorizing off-track parimutuel racing as charitable gaming, at the earliest possible date.

Thank you for your consideration.

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 12, 1990

SUBJECT: Sectional analysis of SB 279  
(Work Order No. 6-1249)

TO: Senator Mike Szymanski  
Chairman, Senate Community and Regional  
Affairs Committee

FROM: John B. Gaguine <sup>JBG</sup>  
Legislative Counsel

As you requested, enclosed is a section-by-section analysis of SB 279.

Section 1 adds a new chapter to Title 5 (Amusements and Sports) that would authorize and regulate off-track parimutuel wagering. The new chapter, 05.40, would have three articles.

Article 1 creates the Alaska Racing Commission in the Department of Commerce and Economic Development. The commission would have five members, appointed by the governor, with certain qualifications required for three of the five; the members would serve staggered terms of four years. The governor would be authorized to remove a member for cause. Members would receive per diem only.

The commission is charged with 1) adopting regulations on off-track events (televised showings of horse races at other locations, where betting is allowed where the race is televised), including the issuance, suspension and revocation of licenses, the required parimutuel equipment for licensees, and auditing procedures; 2) regulating and supervising off-track events; 3) inspecting and approving the location of off-track events; 4) setting license fees; 5) reporting annually to the legislature; 6) keeping records of off-track events; and 7) supervising the making and distribution of parimutuel pools for off-track events. To enable it to carry out these functions, the commission is authorized to

hire staff and hearing officers and to compel witness testimony and document production. Staff would be in the partially exempt service. All records of the commission would be public records, and all fees received by the commission would go into the general fund. Article 2 of AS 05.40 would require a license for conducting parimutuel wagering at an off-track event. A license could be revoked if its holder violates AS 05.40, and certain persons could not receive one. No more than one license for every 200,000 people in the state may be issued, although one licensee may operate at multiple locations. The commission may assess an annual fee for each location at which an off-track event is held, the fee to reflect the commission's expected costs connected to the location.

Article 2 also provides that the holder of an off-track license pay to the commission each day 2% of the first \$100,000 of gross receipts that day, and 3% of gross receipts above \$100,000. In addition, the holder must pay the commission 1% of gross receipts on exotic races (races where a multiple wager such as a perfecta or an exacta is allowed). The commission shall deposit this money into the general fund, and shall segregate the amount received due to exotic races. The legislature may appropriate one-half of the exotic races money to the Alaska State Fair and one-half to municipalities where off-track events are located. The license holder may retain 17% of the first \$100,000 of daily gross receipts, and 16% of all daily gross receipts above \$100,000. In addition, the holder may retain 4% of the daily gross receipts from exotic races.

Article 2 also prohibits certain acts, and provides for penalties for violations. Among the acts prohibited to members of the public are the circulation of handbooks related to off-track betting, betting other than through the parimutuel method with a license holder, and violating AS 05.40. License holders are prohibited from retaining more than the statutorily set percentages of gross receipts, and computing breakage at points that are not multiples of \$.10.

Article 3 adds some general provisions and definitions. Operations of the commission are subject to the Administrative Procedure Act, and members of the commission are subject to the conflict-of-interest act.

Section 2 of SB 279 requires the Department of Public Safety to ascertain whether commission appointees and applicants

Current population is ~525,000 - this would allow only 2 licenses statewide

dedicated funds? Not with inclusion of "may"

What if all races

Senator Mike Szymanski  
Page 3  
January 12, 1990

for commission employment have been convicted of felonies or gambling offenses.

Section 3 puts commission employees in the partially exempt service.

Section 4 makes commission members subject to the conflict-of-interest law, AS 39.50.

Section 5 makes the commission subject to the administrative adjudication procedures of the Administrative Procedure Act.

Section 6 requires the governor to make initial appointments to the commission within 120 days of the effective date of the bill.

Section 7 makes the bill effective on July 1, 1990.

If I may be of further assistance, please advise.

JG:mi  
wkmi6/026

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 279

This bill amends AS 05 by adding a new chapter that establishes the Alaska Racing Commission and authorizes off-track parimutel wagering. The bill provides that the commission and its staff would be responsible for regulating all aspects of off-track horse racing parimutel wagering, including; licensing, inspection, location, auditing, equipment, making and distributing parimutel pools, and keeping records of all collections and disbursements from off-track events. The bill defines an "off-track event" as an event during which a horse race can be viewed simultaneously at a location different from the location at which the race takes place, and during which the viewers can use a parimutel system to place wagers on the outcome of the race being viewed. It therefore appears that, under the provisions of the bill, parimutel wagering on horse races occurring outside the state could occur in Alaska "horse parlors" via satellite telecommunications. The bill provides that the commission shall adopt its regulations and carryout its regulatory duties in consultation with the attorney general. The bill further provides that the attorney general shall enforce the regulations of the commission.

It is the Department of Law's view that a substantial body of regulations will need to be drafted and adopted in order to implement the bill. A one-time cost of \$75,000 will be required by the department's Legal Services BRU to hire an outside consultant to accomplish this regulations drafting effort. This is probably the minimum amount necessary to insure proper regulatory oversight, if this form of wagering is legalized in the state.

Unfortunately, we cannot predict future legal costs that may occur once off-track wagering is established, because of our total lack of experience in this area. It is conceivable, however, that if parimutel wagering becomes well established that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to off-track wagering activity. Because of the severe budget constraints that have already been felt by the department, and because of further budget reductions that appear likely in FY 90, it will be necessary to request additional funds when and if off-track wagering makes it necessary to do so. Otherwise, state regulation of off-track wagering may not be possible.

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "Alaska Racing Commission...off-track parimutuel wagering..."  
 Sponsor: Senate C & RA  
 Requestor: Senate C & RA

Agency Affected: Department of Law  
 BRU: Legal Services  
 Components: Operations

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL			75.0			
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>75.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
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REVENUE						
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	75.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Please see the attached analysis.

*Richard I. Pegues*  
 Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Date: April 24, 1989  
*Richard I. Pegues / FOR*  
 Approved by Commissioner: Douglas B. Bailey, Attorney General Date: April 24, 1989  
 Agency: Department of Law

**Distribution (by preparer):**

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

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU, ALASKA 99811  
707-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1990

SUBJECT: Bill authorizing off-track betting as charitable gaming  
(Work Order No. 6-2104)

TO: Senator Al Adams  
Attn: Martha Stewart

FROM: John B. Gaguine <sup>JBG</sup>  
Legislative Counsel

Enclosed is a bill that would authorize permittees and operators under AS 05.15 to conduct off-track betting. I have used SB 279 as a general model, but, as you can see, this bill is much simpler than SB 279. One major difference is that SB 279 sets out by statute the various percentages of gross receipts that the off-track license holder must give to the state and may keep for itself, while this bill allows the Department of Commerce and Economic Development to set those percentages by regulation. (The bill does specify that failure of an operator to turn over to the permittee 15% of the gross income from off-track betting will not lead to revocation of the operator's license, since I believe that off-track betting will return a higher percentage of the gross to the bettors than do pull-tabs or bingo.) If you want, I can put the percentages of SB 279 into this bill, although, since the money is now going to a charity, rather than the state, the numbers likely should be different.

Another major difference is that SB 279 would create a racing commission with employees to regulate off-track betting, while this bill would leave the regulatory function with DCED. As long as DCED was adequately funded to handle this function, I do not see the lack of a separate commission as a problem.

Note that SB 279 limits the number of off-track betting permits that can be issued to three (although each of those three can apparently open an unlimited number of locations).

*Percentages to be returned to the state to be set by regulations*

*DCED regulates off-track betting not a racing commission*

*No limited number of permits*

Senator Al Adams  
Page 2  
February 2, 1990

I have not tried to put any limits in this bill, as I figure the expense of equipping and running an off-track operation should create an adequate limit. If you wish I can include a limit, but then there would have to be a mechanism for deciding who gets the limited number of permits.

*19 - minimum age to bet*

Under this bill persons under the age of 19 cannot bet. I used 19 because it was already in the law as the minimum age for bingo. It does not make much sense to me - 18 would seem more sensible.

*Exempt off-track betting from \$1 million ceiling*

Section 9 of the bill exempts off-track betting from the \$1,000,000 annual ceiling (\$500,000 if there is an operator in charge), as you requested. I think that this is necessary - I don't think an off-track betting operation could possibly succeed if its gross receipts were limited to \$1,000,000 a year, let alone \$500,000.

One area that you might want to include here is beefed-up criminal penalties. Currently violations of AS 05.15 are punishable only as violations (\$300 maximum fine for natural persons) for the first offense, and class B misdemeanors (90 days in jail, \$1000 fine maximum for natural persons) for subsequent violations. Since off-track betting will likely be generating substantially more money than the activities currently covered by AS 05.15, stiffer criminal penalties might be warranted.

If I may be of further assistance, please advise.

JBG:p1  
WKP1/083

Enclosure

6-1249E ✓  
Gaguine  
4/9/90

Original sponsor(s): C&RA Committee

1 IN THE SENATE

BY THE C&RA COMMITTEE

2 CS FOR SENATE BILL NO. 279 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing off-track parimutuel racing as  
7 charitable gaming."

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

9 \* Section 1. AS 05.15.060 is amended by adding a new paragraph to read:

10 (13) the determination of the percentage of total wagers in

11 an off-track parimutuel wagering event that must be distributed to the

12 holders of tickets on winning horses or combinations of horses; the

13 department may differentiate between the total wagers involving com-

14 binations of horses and the total wagers involving a single horse, and

15 may authorize the permittee or operator to retain breakage not to

16 exceed 20 percent of the total pool in a race.

17 \* Sec. 2. AS 05.15.100(a) is amended to read:

18 (a) The commissioner may issue a permit to a municipality or

19 qualified organization. The permit gives the municipality or quali-

20 fied organization the privilege of conducting bingo, raffles and

21 lotteries, pull-tab games, ice classics, rain classics, goose clas-

22 sics, mercury classics, salmon classics, dog mushers' contests, fish

23 derbies, off-track parimutuel wagering events, and contests of skill.

24 \* Sec. 3. AS 05.15.115(c) is amended to read:

25 (c) A permittee may not contract with more than one operator at

26 a time to conduct the same type of activity. For the purposes of this

27 subsection bingo games, raffles, lotteries, pull-tab games, ice

rain classics, goose classics, mercury classics, salmon

og mushers' contests, fish derbies, off-track parimutuel

*Allow DCED  
to adopt  
reg. covering  
percentages*

*Authorizes  
off-track  
betting for  
charities*

*Only 1 operator  
1 location?*

1 wagering, contests of skill, and all activities permitted under  
2 AS 05.15.100(b) are each a different type of activity.

3 \* Sec. 4. AS 05.15.128 is amended by adding a new subsection to read:

4 (c) Except as provided in this subsection, subsections (a) and  
5 (b) of this section do not apply to the extent an operator is conduct-  
6 ing off-track parimutuel wagering on behalf of a permittee. The  
7 department shall adopt regulations specifying the percentage of ad-  
8 justed gross income from off-track parimutuel wagering that an opera-  
9 tor must pay to a permittee. The department shall revoke the license  
10 of an operator who fails to comply with these regulations for two  
11 consecutive quarters. The operator may appeal the revocation as  
12 provided in (b) of this section.

13 \* Sec. 5. AS 05.15.160(a) is amended to read:

14 (a) The only expenses that may be incurred or paid in connection  
15 with the operation of an activity under a permit issued under this  
16 chapter are bona fide expenses reasonably necessary for

17 (1) goods, wares, [AND] merchandise, and, in the case of  
18 off-track parimutuel wagering, televising rights, necessary for the  
19 operation of the activity;

20 (2) personal services involved with the operation of the  
21 activity, including those performed by

22 (A) an employee of the permittee; or

23 (B) an operator hired by the permittee to conduct the  
24 activity if the compensation is not related to the receipts from  
25 the activity.

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29 operated instruments or machines, or other objects or instruments

1 used, designed, or intended primarily for gaming or gambling or any  
2 other method or implement not expressly authorized by the commission-  
3 er. Equipment for the processing of parimutuel wagers may be used in  
4 off-track parimutuel wagering.

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7 tab games, rain classics, goose classics, mercury classics, salmon  
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10 chapter unless it existed in the state in substantially the same form  
11 and was conducted in substantially the same manner before January 1,  
12 1959.

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14 (f) A person under the age of 19 years may not play a bingo game  
15 or engage in off-track parimutuel wagering.

16 \* Sec. 9. AS 05.15.180(g) is amended to read:

17 (g) A municipality or a qualified organization may award a  
18 maximum of \$1,000,000 in prizes each year in activities authorized  
19 under this chapter; however, if a municipality or a qualified organi-  
20 zation contracts with an operator to conduct on its behalf activities  
21 authorized under this chapter, the municipality or qualified organiza-  
22 tion may award a maximum of \$50,000 in prizes each year. In this  
23 subsection, "activities authorized under this chapter" means all  
24 activities subject to this chapter other than bingo and off-track  
25 parimutuel wagering.

26 \* Sec. 10. AS 05.15.210 is amended by adding new paragraphs to read:

27 (35) "breakage" means the odd cents by which the amount  
28 payable on each dollar wagered in an off-track parimutuel wagering  
29 event exceeds a multiple of 10 cents;

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(36) "off-track parimutuel wagering" means a form of wagering on the outcome of horse races shown by closed-circuit television at a location different from the location where the race takes place in which those who wager personally purchase tickets of various denominations on a horse or combination of horses and all wagers for each race are pooled and held by the race televisor for distribution; when the outcome of the race has been decided, the race televisor distributes a percentage of the total wagers, according to regulations adopted by the department, to the holders of tickets on the winning horses or combination of horses.

STATE OF ALASKA  
THE LEGISLATURE

POUCH \* STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 12, 1990

SUBJECT: Sectional analysis of SB 279  
(Work Order No. 6-1249)

TO: Senator Mike Szymanski  
Chairman, Senate Community and Regional  
Affairs Committee

FROM: John B. Gaguine <sup>JBG</sup>  
Legislative Counsel

As you requested, enclosed is a section-by-section analysis of SB 279.

Section 1 adds a new chapter to Title 5 (Amusements and Sports) that would authorize and regulate off-track parimutuel wagering. The new chapter, 05.40, would have three articles.

Article 1 creates the Alaska Racing Commission in the Department of Commerce and Economic Development. The commission would have five members, appointed by the governor, with certain qualifications required for three of the five; the members would serve staggered terms of four years. The governor would be authorized to remove a member for cause. Members would receive per diem only.

The commission is charged with 1) adopting regulations on off-track events (televised showings of horse races at other locations, where betting is allowed where the race is televised), including the issuance, suspension and revocation of licenses, the required parimutuel equipment for licensees, and auditing procedures; 2) regulating and supervising off-track events; 3) inspecting and approving the location of off-track events; 4) setting license fees; 5) reporting annually to the legislature; 6) keeping records of off-track events; and 7) supervising the making and distribution of parimutuel pools for off-track events. To enable it to carry out these functions, the commission is authorized to

hire staff and hearing officers and to compel witness testimony and document production. Staff would be in the partially exempt service. All records of the commission would be public records, and all fees received by the commission would go into the general fund. Article 2 of AS 05.40 would require a license for conducting parimutuel wagering at an off-track event. A license could be revoked if its holder violates AS 05.40, and certain persons could not receive one. No more than one license for every 200,000 people in the state may be issued, although one licensee may operate at multiple locations. The commission may assess an annual fee for each location at which an off-track event is held, the fee to reflect the commission's expected costs connected to the location.

Article 2 also provides that the holder of an off-track license pay to the commission each day 2% of the first \$100,000 of gross receipts that day, and 3% of gross receipts above \$100,000. In addition, the holder must pay the commission 1% of gross receipts on exotic races (races where a multiple wager such as a perfecta or an exacta is allowed). The commission shall deposit this money into the general fund, and shall segregate the amount received due to exotic races. The legislature may appropriate one-half of the exotic races money to the Alaska State Fair and one-half to municipalities where off-track events are located. The license holder may retain 17% of the first \$100,000 of daily gross receipts, and 16% of all daily gross receipts above \$100,000. In addition, the holder may retain 4% of the daily gross receipts from exotic races.

Article 2 also prohibits certain acts, and provides for penalties for violations. Among the acts prohibited to members of the public are the circulation of handbooks related to off-track betting, betting other than through the parimutuel method with a license holder, and violating AS 05.40. License holders are prohibited from retaining more than the statutorily set percentages of gross receipts, and computing breakage at points that are not multiples of \$.10.

Article 3 adds some general provisions and definitions. Operations of the commission are subject to the Administrative Procedure Act, and members of the commission are subject to the conflict-of-interest act.

Section 2 of SB 279 requires the Department of Public Safety to ascertain whether commission appointees and applicants

Senator Mike Szymanski  
Page 3  
January 12, 1990

for commission employment have been convicted of felonies or gambling offenses.

Section 3 puts commission employees in the partially exempt service.

Section 4 makes commission members subject to the conflict-of-interest law, AS 39.50.

Section 5 makes the commission subject to the administrative adjudication procedures of the Administrative Procedure Act.

Section 6 requires the governor to make initial appointments to the commission within 120 days of the effective date of the bill.

Section 7 makes the bill effective on July 1, 1990.

If I may be of further assistance, please advise.

JG:mi  
wkmi6/026

Original sponsor(s): C&RA Committee

1 IN THE SENATE

BY THE C&RA COMMITTEE

2 CS FOR SENATE BILL NO. 279 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

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9 ed by the department, to the holders of tickets on the winning horses  
0 or combination of horses.

**COMMUNITY AND REGIONAL AFFAIRS COMMITTEE  
TUESDAY  
APRIL 25, 1989**

**SENATE BILL 279, ESTABLISHING THE ALASKA RACING COMMISSION AND  
AUTHORIZING OFF-TRACK PARIMUTUEL WAGERING AND PROVIDING FOR  
AN EFFECTIVE DATE.**

**SPONSOR: C&RA COMMITTEE**

**FISCAL: COMMERCE \$184.7 W/ \$307.5 REVENUE IN FY90**

**THE NEXT BILL BEFORE THE COMMITTEE IS SENATE BILL 279,  
ESTABLISHING THE ALASKA RACING COMMISSION AND AUTHORIZING  
OFF-TRACK PARIMUTUEL WAGERING AND PROVIDING FOR AN EFFECTIVE  
DATE.**

**THIS BILL IS GOING INTO A SUB-COMMITTEE WITH SENATOR PEARCE AS  
CHAIR AND ...**



STATE OF WASHINGTON  
WASHINGTON HORSE RACING COMMISSION  
210 E. Union Ave. • Olympia, Washington 98501 • (206) 753-3741

*North*

April 7, 1989

The Honorable Senator Al Adams  
Capitol Building  
Room 423  
Juneau, Alaska 99811

Dear Senator Adams:

In regard to your Committee question on the amount of revenue which would occur if the satellite amendment were to become law, I would reply as follows.

Based on the Alaskan population of between 500,000 - 550,000 and four to six locations and further based on the formula in the Amendment and on the projections submitted to the Committee, I would estimate a daily gross of \$300,000. The revenue to the State would be \$8,000 per day ( Two percent of \$100,000, three percent of \$200,000), plus one percent on the exotic race wagering (Forty percent of the total) which would produce an additional \$1,200 per day for cities and state fairs.

Yours very truly,

*John Crowley/ps*

John Crowley  
Executive Secretary

JC:ps

SYNOPSIS - CS HOUSE BILL 29

HB 29 PROVIDES FOR THE ESTABLISHMENT OF AN ALASKA RACING COMMISSION AND DELINEATES THE REQUIREMENTS FOR THE CONDUCT OF "RACE MEETS". "RACE MEETS" MEANING THE ACTUAL PERFORMANCE OF LIVE HORSES RACING AT A TRACK FACILITY APPROVED BY THE APPROPRIATE STATE COMMISSION AND CONDUCTED BY A LICENSED RACE MEET OPERATOR IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. MUCH INFORMATION HAS ALREADY BEEN AVAILABLE ON THIS SECTION OF THE BILL SO THIS REPORT WILL CONCENTRATE MORE FULLY ON THAT PORTION OF THE BILL COMMENCING WITH ARTICLE 3, "OFF TRACK EVENTS".

THIS "OFF TRACK EVENTS" LEGISLATION IS SIMILAR TO THAT WHICH IS NOW IN EXISTENCE IN SOME 15 STATES. IT ALLOWS AN "OFF TRACK EVENT" LICENSEE TO PROVIDE FOR THE PUBLIC, SUBJECT TO THE RULES AND REGULATIONS PROMULGATED BY THE COMMISSION, FACILITIES WHEREIN ONE CAN WATCH LIVE RACING FROM STATES SUCH AS WASHINGTON AND CALIFORNIA MUCH IN THE SAME MANNER AS YOU VIEW YOUR TELEVISION AT HOME. THE THREE MAIN DIFFERENCES BEING (1) THE TELEVISION SCREENS WOULD BE LOCATED IN A SEPERATE BUSINESS FACILITY SIMILAR TO A RESTAURANT LOUNGE, (2) THE TELECAST WOULD BE VIEWED SIMULTANEOUSLY WITH ITS HAPPENING AT THE ORIGINATING RACE TRACK THROUGH THE TECHNOLOGY OF SATELLITE COMMUNICATIONS AND, (3) ONE WOULD BE PERMITTED TO MAKE WAGERS ON THE OUTCOME OF EACH RACE WITH ALL WAGERS REGISTERED INTO AND ALL PAYOFFS DETERMINED BY SOPHISTICATED COMPUTER SYSTEMS DESIGNED SPECIFICALLY FOR SUCH PURPOSE, EXACTLY AS ONE WOULD PARTICIPATE WERE HE/SHE ACTUALLY AT THE RACE TRACK.

LICENSEE'S SHARE

THE LEGISLATION DIRECTS THAT A MAXIMUM OF 17% OF THE DAILY GROSS RECEIPTS BE RETAINED BY THE LICENSEE FOR COSTS OF OPERATION AND PROFIT. THIS, COUPLED WITH THE 3% PROVIDED FOR STATE TAXES ASSURES A RETURN OF 80% TO THE PARTICIPANTS.

STATE REVENUE

THE LEGISLATION DIRECTS A DAILY MUTUEL TAX ON "OFF TRACK EVENTS" OF 2% OF THE FIRST \$100,000 OF WAGERING AND 3% OF WAGERING IN EXCESS OF \$100,000. ADDITIONALLY, 1% OF ALL EXOTIC (MULTIPLE WAGERS I.E., DAILY DOUBLE, EXACTA, QUINELLA, PICK SIX, ETC.) WAGERING. ALL PAYMENTS ARE REMITTED ON A DAILY BASIS. ESTIMATED FISCAL IMPACT ON THE STATE OF ALASKA IS:

TOTAL DAILY HANDLE	\$150,000	
2% TAX ON \$100,000		\$2,000 per day
3% TAX ON 50,000		1,500 per day
1% TAX ON EXOTIC RACES 60,000		600 per day
(EXOTICS COMPRISE 40% OF TOTAL HANDLE BY NATIONAL AVERAGE)		\$4,100 per day
ANTICIPATED DAYS OF OPERATION		300
		\$1,230,000 PER YEAR

ADDITIONAL REVENUES WILL BE REALIZED FROM ADMISSION TAXES, FOOD AND BEVERAGE TAXES, AND CORPORATION INCOME TAX.

EMPLOYMENT

THE CREATION OF 30 TO 50 NEW JOBS IS CONTEMPLATED, DEPENDING ON THE DEGREE OF PUBLIC ACCEPTANCE.

ADDITIONAL BENEFICIAL CONSIDERATIONS

BENEFIT TOURISM EFFORTS BY PROVIDING RECREATION AND ENTERTAINMENT OPTIONS. PROVIDE ENTERTAINMENT TIE-IN WITH SPORTS COMPLEX DEVELOPMENT PROPOSED AT EAGLE RIVER AND HATCHER PASS AS WELL AS ALYESKA. COULD BE USED AS A NETWORK TO SIMULCAST PALMER AND OTHER FAIRGROUND RACES THROUGHOUT ALASKA BENEFITING THE FAIR CIRCUIT WITH ENHANCED PARIMUTUEL HANDLE. COULD BE ADAPTED TO INCLUDE FUR RENDEZVOUS, FAIRBANKS ICE CARNIVAL, AND IDITAROD DOG RACES FOR THE PURPOSE OF DEVELOPING PURSE MONEY.



"OFF TRACK EVENT" FACILITY - BELLINGHAM, WA.

BILL NO: SB 279

DATE: April 20, 1989

TITLE: An Act establishing the  
Alaska Racing Commission  
and authorizing off-track  
parimutuel wagering...

CONTACT: Gayle A. Horetski  
Deputy Commissioner  
465-4322

DEPARTMENT OF  
PUBLIC SAFETY

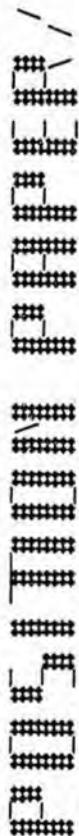
Senate Bill 279 will legalize off-track parimutuel betting.

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

The Department of Public Safety takes no position on this bill.



Arthur English  
Commissioner



FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Alaska Racing Commission/off-track betting  
Sponsor: Senate C&RA  
Requestor: Senate C&RA

Agency Affected: Public Safety  
BRU: Alaska State Troopers  
Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

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	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
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: (Attach a separate page if necessary)

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

Prepared by: Gayle A. Horetski, Deputy Commissioner  
Division: Office of the Commissioner  
Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Phone: 465-4322  
Date: 4/20/89  
Date: 4/20/89

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "Alaska Racing Commission...off-track parimutuel wagering..."  
 Sponsor: Senate C & RA  
 Requestor: Senate C & RA

Agency Affected: Department of Law  
 BRU: Legal Services  
 Components: Operations

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL			75.0			
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>75.0</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	-0-	75.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Date: April 24, 1989  
 Approved by Commissioner: Douglas B. Bailly, Attorney General Date: April 24, 1989  
 Agency: Department of Law

**Distribution (by preparer):**

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 279

This bill amends AS 05 by adding a new chapter that establishes the Alaska Racing Commission and authorizes off-track parimutuel wagering. The bill provides that the commission and its staff would be responsible for regulating all aspects of off-track horse racing parimutuel wagering, including; licensing, inspection, location, auditing, equipment, making and distributing parimutuel pools, and keeping records of all collections and disbursements from off-track events. The bill defines an "off-track event" as an event during which a horse race can be viewed simultaneously at a location different from the location at which the race takes place, and during which the viewers can use a parimutuel system to place wagers on the outcome of the race being viewed. It therefore appears that, under the provisions of the bill, parimutuel wagering on horse races occurring outside the state could occur in Alaska "horse parlors" via satellite telecommunications. The bill provides that the commission shall adopt its regulations and carryout its regulatory duties in consultation with the attorney general. The bill further provides that the attorney general shall enforce the regulations of the commission.

It is the Department of Law's view that a substantial body of regulations will need to be drafted and adopted in order to implement the bill. A one-time cost of \$75,000 will be required by the department's Legal Services BRU to hire an outside consultant to accomplish this regulations drafting effort. This is probably the minimum amount necessary to insure proper regulatory oversight, if this form of wagering is legalized in the state.

Unfortunately, we cannot predict future legal costs that may occur once off-track wagering is established, because of our total lack of experience in this area. It is conceivable, however, that if parimutuel wagering becomes well established that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to off-track wagering activity. Because of the severe budget constraints that have already been felt by the department, and because of further budget reductions that appear likely in FY 90, it will be necessary to request additional funds when and if off-track wagering makes it necessary to do so. Otherwise, state regulation of off-track wagering may not be possible.

# McGrane Jewelers

427 D Street  
Anchorage, Alaska 99501



Diamonds

Johannesburg  
So. Africa

April 22, 1989

Senator Drue Pearce  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator:

I thank you for taking of your time from a very busy schedule to respond to my letter regarding off track parimutuel betting in Alaska. Unfortunately your response created more questions in my mind than it did answers.

1. You did not state why you do not support this activity in Alaska. It is a proven form of popular entertainment and tax revenue in a very large part of the United States. Perhaps your concerns can be addressed satisfactorily.

2. The off track events aspects of the bill is patterned after the State of Washington legislation, considered by many in the industry to be a model bill. Section 05.40.990, "Definitions" provides proper definitions that are standard in the industry. Additional definitions, if required, would presumably be included in the Regulations that would be promulgated to govern the activity.

3. Safeguards are provided by the host track, ie, Longacres, Santa Anita, Del Mar, etc., where the purity of racing is diligently protected, not only for the public's sake but also to preserve the integrity of racing in order to ensure continued public acceptance and enjoyment. Other safeguards, for the State and the public, is built into the sophisticated computer equipment utilized to record all wagers and determine all payouts.

4. How much net revenue from a single source is necessary to attract the interest of the Legislature? Is it in the millions, or should any new industry be of interest to this economically stricken State.



MEMBER  
Manufacturing Jeweler

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Accredited Gem Laboratory  
Custom Jewelry

Jewelry Repair

Appraisals

Certified Gemologist

5. Is the creation of 50 to 100 jobs in todays ailing market place of any interest to the Legislature?

6. Is the creation of an additional tourist entertainment industry of any interest to the Legislature?

Remember this new industry is at no cost to the State but will pay the State a percentage of all revenue and create 50 to 100 jobs for tax revenue to local governments.

We would like your support of this bill to bring a new industry to Alaska. If you have any other concerns please contact me.

Sincerely,



Robert J. McGrane



State of Washington

Washington Horse Racing Commission  
210 E. Union Avenue, Suite C  
MS/EP-11  
Olympia, WA 98501

Joe Shabaz  
Mount

*Phone  
206-263-2536*

SCAN 443 8442  
(206) 764-6444

Ronda - Please ask Jo-funit  
for the Kohat camp's name  
and address - then send a  
short letter to them - saying  
how much I enjoyed myself  
at the Jungoedens facility  
with them. I understood  
what Carl was a great  
host, they really made  
the trip enjoyable.

I'm looking forward to  
visiting them in Kohat.

J.M.

See above

Letter to Morris Almadoff - Chief

Ex. Officer  
Just a short note to say  
thanks for your hospitality during  
our recent trip to Longview, with  
Mr. Carl Banker and Heigo Toshi.

It was a great opportunity  
for me to get a better  
understanding of your line and  
television racing work and in  
its completion on matters.

I hope the A.K. Television  
Racing legislation in my  
committee can be reported  
and passed out this year.  
If I ever over-responds  
the hospitality in Alaska,  
please feel free to call on me.

Sincerely,  
Mel El

P.S. Your son Michael really  
did a great job for us.

To your RAINTER  
Chief Stewart - State of Wash.  
<sup>see address on Joe Shabaz card</sup>  
Dear Tom, Joe and Bernd.

Just a short note to say  
thanks! You guys really  
made our trip exciting and  
gave us a good perspective on  
New-mutual Savings from a  
State perspective. Its clear to  
me that no matter what type of  
policy we do, whether linear  
televised in Alaska, its important  
to have a State Steward or supervisor  
position, employed to protect the  
public's interest.

You were impressive in your quiet,  
gentle professionalism and dedication  
to the job.  
Copy others <sup>pick up the good folks,</sup>   
Sincerely, NTD ST

To Hugo Torche

Exec card.

Just a short note to say  
thanks for the excellent and  
most professional presentation  
on fair-mutual racing from  
both a live and televised  
perspective. It's certain that  
you are a real expert and  
professional in the horse  
racing industry. I'm sure  
we will be calling on you  
again - before the State of  
Alaska - passing and legislation  
to allow live or televised  
professional horse racing.

Keep up the good work and  
look forward to seeing you  
again. Sincerely, NLR 5



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# Longacres

