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ALASKA STATE SENATE



FEB 17 1989

SENATOR DICK ELIASON
SITKA
CHAIRMAN

SENATOR PAT RODEY
ANCHORAGE
VICE-CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBERS
SENATOR JAN FAIKS
ANCHORAGE

SENATOR JACK COGHILL
NENANA

SENATOR JALMAR KERTTULA
PALMER

MEMORANDUM

TO: Senator Rick Uehling, Co-chair
Senator John Binkley, Co-chair
Senate Finance Committee

FROM: Senator Dick Eliason, Chair
Senate Labor and Commerce Committee

DATE: February 16, 1989

RE: E.O. 74 - Transfer of the function of regulating games of chance and contests of skill from the Department of Revenue to the Department of Commerce of Economic Development

On February 10, 1989, the Senate Labor and Commerce Committee held a hearing on E.O. 74 which transfers the regulation of games of chance and contests of skill from the Department of Revenue to the Department of Commerce of Economic Development. While the Committee supports this transfer of responsibility, a concern was expressed that no additional funds be needed for this transfer.

It is the desire of the Senate Labor and Commerce Committee that the Department of Revenue's budget amendment to implement this transfer cover all costs associated with the administration of games of skill and chance and that the Department of Commerce and Economic Development will not need any additional funds.

Thank you for your assistance in this matter.



Alaska State Legislature Senate

Office of the Secretary

OFFICIAL BUSINESS

P.O. BOX V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

January 9, 1989

MEMORANDUM

TO: Senator Dick Eliason, Chairman
Labor and Commerce Committee

Senator Jonne Binkley, Co-chairman ^{MB}
Senator Rick Uehling, Co-chairman
Finance Committee

FROM: Nancy Quinto
Secretary of the Senate

RE: Executive Order No. 74

The President has referred Executive Order No. 74 (transferring the function of regulating games of chance and contests of skill from the Department of Revenue to the Department of Commerce and Economic Development).

Section 23, Article III of the Constitution states:

The governor may make changes in the organization of the executive branch or in the assignment of functions among the executive branch or in the assignment of functions among its units which he considers necessary for efficient administration. Where these changes require the force of law, they shall be set forth in executive orders. The legislature shall have sixty days of a regular session, or a full session if of shorter duration, to disapprove these executive orders. Unless disapproved by resolution concurred in by a majority of the members in joint session, these orders become effective at a date thereafter to be designated by the governor.

Attachment

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

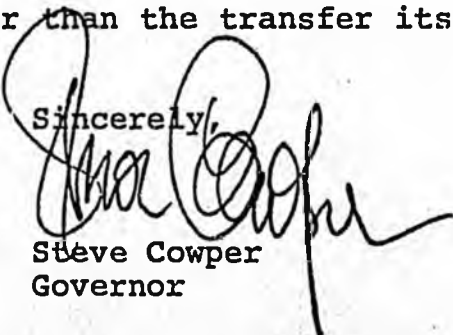
Under the authority of art. III, sec. 23, of the Alaska Constitution, I am transmitting Executive Order No. 74, transferring the function of regulating games of chance (charitable gaming) and contests of skill under AS 05.15 from the Department of Revenue to the Department of Commerce and Economic Development (DCED).

The transfer will enhance the efficiency of state government by consolidating this regulatory function in a department that already performs other similar regulatory functions. The transfer will enable the Department of Revenue to focus more of its attention and resources on its primary responsibility -- collecting revenue due to our state government.

Section 1 of the Order consists of my findings leading to the Order. Sections 2 -- 5 of the Order amend the provisions of AS 05.15 that specify the department responsible for implementing the chapter, simply to substitute one department for the other. Section 6 of the Order similarly amends AS 11.66.280(2)'s definition of gambling. Section 7 of the Order adds the transferred function to the list of duties of the Department of Commerce and Economic Development in AS 44.33.020. Section 8 sets out transition provisions regarding regulations relating to the transferred function, and sec. 9 provides for a July 1, 1989 effective date for the transfer.

No substantive changes, other than the transfer itself, are made by this Order.

Sincerely,


Steve Cowper
Governor

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

EXECUTIVE ORDER NO. 74

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (B) playing an amusement device that

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

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

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


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

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

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

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

DATED: 9 January 1989.



Steve Cowper
Governor

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FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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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						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: December 22, 1988

Approved by Commissioner: Larry Merculieff, Commissioner Date: 12/22/88
 Agency: Dept. of Commerce & Economic Development

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

FISCAL NOTE

REQUEST:

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See Attached.

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

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

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