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SENATE COMMITTEE REPORT

FURTHER

4/22/89 DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Finance \_\_\_\_\_ Committee considered SB 146 \_\_\_\_\_

allowing gaming devices on ferries

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

*Bill died in committee.*

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

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Chair \_\_\_\_\_ signature and recommendation

Committee Backup attached



SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

6-0363 h

Date of 5-DAY NOTICE March 23, 1989  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

SA  
FIN

\*\*FISCAL NOTE(S) MUST BE ATTACHED  
IN ACCORDANCE WITH AS 24.08.035  
1/30/89

DATE TURNED INTO OFFICE March 31, 1989

Mr. President:

TRANSPORTATION

Committee considered

SB 146

allowing gaming devices on ferries

and recommended:

replace with CS SB 146 (Trsp)  same title

attached amendment(s) and + majority do pass  new title

\_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FM

Fiscal notes  
~~for CS~~  
~~will follow~~  
3/31

FISCAL NOTE(S) attached  zero  
 appropriation no FN attached

fiscal impact  
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
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\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chairman signature and recommendation

Committee backup attached

Introduced: 3/31/89  
Referred: State Affairs and Finance

6-0363H

Original sponsors: Szymanski, ~~Ratto~~,  
and Pearce

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR SENATE BILL NO. 146 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing gaming devices on ferries."

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

8 \* Section 1. AS 19.65 is amended by adding new sections to read:

9 Sec. 19.65.030. GAMING DEVICES AUTHORIZED. (a) The Department  
10 of Revenue may license a vessel of the Alaska marine highway system to  
11 operate gaming devices in a portion of the vessel that persons under  
12 21 years of age are prohibited from entering.

13 (b) A license issued under (a) of this section is not valid when  
14 the vessel is in a jurisdiction outside of the state unless that  
15 jurisdiction also allows the licensed activity.

16 (c) The commissioner of revenue may adopt regulations under the  
17 Administrative Procedure Act (AS 44.62) to implement this section.

18 Sec. 19.65.040. PROHIBITIONS ON GAMING DEVICE OPERATION; PENAL-  
19 TIES. (a) An employee of the Alaska marine highway system may not  
20 allow a person under 21 years of age to use a gaming device authorized  
21 under AS 19.65.030. A person under 21 years of age may not use a  
22 gaming device authorized under AS 19.65.030.

23 (b) A person may not manipulate or attempt to manipulate the  
24 outcome or payoff of a gaming device authorized under AS 19.65.030 by  
25 physically tampering or otherwise interfering with the proper func-  
26 tioning of the device.

27 (c) Violation of this section is a class A misdemeanor.

28 Sec. 19.65.050. The Department of Transportation and Public  
29 Facilities shall deposit receipts from the operation of gaming devices

1 under AS 19.65.030 in the general fund. The commissioner of adminis-  
2 tration shall separately account for money deposited under this sec-  
3 tion. The legislature may appropriate money in the account for the  
4 operation of the Alaska marine highway system.

5 Sec. 19.65.060. DEFINITION FOR AS 19.65.030 - 19.65.060. In  
6 AS 19.65.030 - 19.65.060 "gaming device" means equipment or a mechan-  
7 ical, electromechanical, or electronic contrivance, component, or  
8 machine that affects the result of a wager by determining wins or  
9 losses in connection with a game in which, by the skill of the player  
10 or by chance, or both, the player may receive free games, credit, or  
11 tokens that can be redeemed for cash; "gaming device" does not include  
12 a machine that directly dispenses coins or cash.

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

14 (2) "gambling" means that a person stakes or risks some-  
15 thing of value upon the outcome of a contest of chance or a future  
16 contingent event not under the person's control or influence, upon an  
17 agreement or understanding that that person or someone else will  
18 receive something of value in the event of a certain outcome; "gambl-  
19 ing" does not include

20 (A) bona fide business transactions valid under the  
21 law of contracts for the purchase or sale at a future date of  
22 securities or commodities and agreements to compensate for loss  
23 caused by the happening of chance, including contracts of indem-  
24 nity or guaranty and life, health, or accident insurance; [OR]

25 (B) playing an amusement device that

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

29 (ii) does not contain a method or device by which

1 the privilege of immediate replay may be cancelled or revoked;  
2 ed; or

3 (C) an activity authorized by the commissioner of  
4 revenue under AS 05.15 or AS 19.65.030;

5 \* Sec. 3. AS 11.66.280(3) is amended to read:

6 (3) "gambling device" means any device, machine, parapher-  
7 nalia, or equipment that is used or usable in the playing phases of  
8 unlawful gambling, whether it consists of gambling between persons or  
9 gambling by a person involving the playing of a machine; "gambling  
10 device" does not include

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

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

15 (C) a gaming device authorized under AS 19.65.030;

16 \* Sec. 4. AS 11.66.280(4) is amended to read:

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

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

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

24 (C) is not

25 (i) a vessel of the Alaska marine highway system  
26 lawfully conducting an activity licensed under  
27 AS 19.65.030; or

28 (ii) a municipality or a qualified organization  
29 under AS 05.15.210, except that, for purposes of this

1 IN THE SENATE BY SZYMANSKI, FAIKS AND PEARCE

2 SENATE BILL NO. 146

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing gaming devices on ferries."

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

8 \* Section 1. AS 19.65 is amended by adding new sections to read:

9 Sec. 19.65.030. GAMING DEVICES AUTHORIZED. (a) The Department  
10 of Revenue may license a vessel of the Alaska marine highway system to  
11 operate gaming devices in the portion of the vessel that is licensed  
12 under AS 04 to sell alcohol.

13 (b) A license issued under (a) of this section is not valid when  
14 the vessel is in a jurisdiction outside of the state unless that  
15 jurisdiction also allows the licensed activity.

16 (c) The commissioner of revenue may adopt regulations under the  
17 Administrative Procedure Act (AS 44.62) to implement this section.

18 Sec. 19.65.040. PROHIBITIONS ON GAMING DEVICE OPERATION; PENAL-  
19 TIES. (a) An employee of the Alaska marine highway system may not  
20 allow a person under 21 years of age to use a gaming device authorized  
21 under AS 19.65.030. A person under 21 years of age may not use a  
22 gaming device authorized under AS 19.65.030.

23 (b) A person may not manipulate or attempt to manipulate the  
24 outcome or payoff of a gaming device authorized under AS 19.65.030 by  
25 physically tampering or otherwise interfering with the proper func-  
26 tioning of the device.

27 (c) Violation of this section is a class A misdemeanor.

28 Sec. 19.65.050. The Department of Transportation and Public  
29 Facilities shall deposit receipts from the operation of gaming devices

1 under AS 19.65.030 in the general fund. The commissioner of adminis-  
2 tration shall separately account for money deposited under this sec-  
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4 operation of the Alaska marine highway system.

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6 AS 19.65.030 - 19.65.060 "gaming device" means equipment or a mechan-  
7 ical, electromechanical, or electronic contrivance, component, or  
8 machine that affects the result of a wager by determining wins or  
9 losses in connection with a game in which, by the skill of the player  
10 or by chance, or both, the player may receive free games or credit  
11 that can be redeemed for cash; "gaming device" does not include a  
12 machine that directly dispenses coins or cash.

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

14 (2) "gambling" means that a person stakes or risks some-  
15 thing of value upon the outcome of a contest of chance or a future  
16 contingent event not under the person's control or influence, upon an  
17 agreement or understanding that that person or someone else will  
18 receive something of value in the event of a certain outcome; "gambl-  
19 ing" does not include

20 (A) bona fide business transactions valid under the  
21 law of contracts for the purchase or sale at a future date of  
22 securities or commodities and agreements to compensate for loss  
23 caused by the happening of chance, including contracts of indem-  
24 nity or guaranty and life, health, or accident insurance; [OR]

25 (B) playing an amusement device that

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

29 (ii) does not contain a method or device by which

1 the privilege of immediate replay may be cancelled or revoked;  
2 ed; or

3 (C) an activity authorized by the commissioner of  
4 revenue under AS 05.15 or AS 19.65.030;

5 \* Sec. 3. AS 11.66.280(3) is amended to read:

6 (3) "gambling device" means any device, machine, parapher-  
7 nalia, or equipment that is used or usable in the playing phases of  
8 unlawful gambling, whether it consists of gambling between persons or  
9 gambling by a person involving the playing of a machine; "gambling  
10 device" does not include

11 (A) lottery tickets, policy slips, or other items used  
12 in the playing phases of lottery or policy schemes; [OR]

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

15 (C) a gaming device authorized under AS 19.65.030;

16 \* Sec. 4. AS 11.66.280(4) is amended to read:

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

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

20 (B) has been or remains in substantially continuous opera-  
21 tion for a period in excess of 30 days or has a gross income of  
22 \$2,000 or more in any single day; and

23 (C) is not

24 (i) a vessel of the Alaska marine highway system  
25 lawfully conducting an activity licensed under AS 19.65.030;  
26 or

27 (ii) a municipality or a qualified organization under  
28 AS 05.15.210, except that, for purposes of this subparagraph  
29 [PARAGRAPH], no application for a license under AS 05.15 is

required to be considered a qualified organization;

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### FISCAL NOTE

**REQUEST:**

Revision Date: 04/03/89  
Title: "An Act allowing gaming devices on ferries"  
Sponsor: Szymanski, Faiks, & Pearce  
Requestor:

Agency Affected: DOTPF - AMHS  
BRU: Marine Operations  
Components: Southeast Vessel Operations and Overhaul

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		36.0	36.0	36.0	36.0	36.0
TRAVEL						
CONTRACTUAL		30.0				
SUPPLIES		10.0				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>76.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>

CAPITAL	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
		-0-				

REVENUE	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
		150.0	155.0	160.0	165.0	170.0

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
FEDERAL FUNDS		76.0	36.0	36.0	36.0	36.0
OTHER						
<b>TOTAL</b>		<b>76.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>	<b>36.0</b>

**POSITIONS:**

FULL-TIME	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY						

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

See attached.

Prepared by: G. W. Peridom, System Director Phone: 465-3950  
Division: Alaska Marine Highway System Date: \_\_\_\_\_

Approved by Commissioner: Mark S. Hickey Date: 4/5/89  
Agency: Department of Transportation & Public Facilities

**Distribution (by preparer):**

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

FISCAL ANALYSIS

CS Senate Bill 146 (Trsp)

An effective date of July 1, 1989 is assumed. Twelve gaming devices would be installed on each of three mainline vessels of the Alaska Marine Highway System (AMHS) fleet in the Southeast System.

Expenditures:

Personal Services - No additional positions would be required. Overtime would be increased by \$12.0 on each of the three ships to allow for supervision and attendance of the gaming devices.

Contractual Services - A one-time expenditure of \$30.0 will be required to upgrade the electrical service on the three vessels. Recurrent costs beyond FY 90 will be negligible with the current scope of the project.

Supplies - Start-up supplies, including mounting devices for seaworthiness on each machine. Recurrent costs beyond FY 90 will be negligible with the current scope of the project.

Capital Costs:

Costs of the equipment would be borne by a private vendor solicited on a competitive basis for a partnership basis similar to the current arrangement for video games. A maximum of twelve machines on each of the three vessels will be installed to avoid major rewiring or remodeling costs.

Revenues:

Revenue estimates shown are conservative based on the trends experienced by the 25 video games currently installed on AMHS ships.

**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

**BILL VERSION:** SB 146  
**PUBLISH DATE:** 3/31/89

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "allowing gaming devices  
on ferries"  
Sponsor: Szymanski, Faiks & Pearce  
Requestor: Szymanski, Faiks & Pearce

Agency Affected: DOT&PF - AMHS  
BRU: Marine Operations  
Components: SF Vessel Operations and  
Overhaul

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		36.0	37.0	38.0	39.0	40.0
TRAVEL						
CONTRACTUAL		30.0	-	-	-	-
SUPPLIES		10.0	-	-	-	-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>76.0</b>	<b>37.0</b>	<b>38.0</b>	<b>39.0</b>	<b>40.0</b>

<b>CAPITAL</b>		0	0	0	0	0
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<b>REVENUE</b>		150.0	155.0	160.0	165.0	170.0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		76.0	37.0	38.0	39.0	40.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>76.0</b>	<b>37.0</b>	<b>38.0</b>	<b>39.0</b>	<b>40.0</b>

**POSITIONS:**

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

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

See attachment

Prepared by: Tom Shanley Phone: 465-3955  
Division: Alaska Marine Highway System Date: 3/29/89

Approved by Commissioner: [Signature] Date: 3/29/89  
Agency: Department of Transportation and Public Facilities

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
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- Impacted Agency(ies)

DOT&PF FISCAL ANALYSIS FOR

SENATE BILL NO. 146

EXPENDITURES

Personnel Services - added cost would be overtime needed to supervise the gaming devices on the three vessels. Estimate \$12.0 per ship - no added position would be created.

Contractual - there will be approximately \$10.0 cost to upgrade electrical service to handle the 12 machines on each vessel.

Supplies - miscellaneous supplies such as mounting devices to make the games sea worthy.

Revenue - there is no sure way to predict the revenue. We doubled the revenue we are currently making on the 25 video games that are installed at this time. \$150.0 should be a conservative figure.