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SENATE COMMITTEE REPORT

FURTHER

4/22/89

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Finance \_\_\_\_\_ Committee considered SB 168

authorizing gambling enterprises in municipalities and on state ferries; efd

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

(b) FURTHER

6-0672-d

FIN

3/31/89

DATE TURNED INTO OFFICE 4-22-89

Mr. President:

STATE AFFAIRS

Committee considered

SB 168

authorizing gambling enterprises in municipalities and on state ferries; efd

and recommended

- replace with \_\_\_\_\_ CS SB 168 (St Aff) )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and *+ reports it back as follows*  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

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

29 FN'S  
2 FN'S

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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2 Jim Hib (do not pass)

2 Tim Kelly (do not pass)

2 Al Adams do not pass

cea - here  $\phi$

POT -  $\phi$ FN

DOR - FN

DCED - FN

coming

*[Signature]*

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER

SA  
FIN

3/15/89

DATE TURNED INTO OFFICE March 31, 1989

Mr. President:

TRANSPORTATION

Committee considered

SB 168

authorizing gambling enterprises in municipalities and on state ferries; efd

and recommended *+ reports it back as follows*

- 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 \_\_\_\_\_

*previous FN & PFN*

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

1 *Gabrenberg*  
 \_\_\_\_\_  
 \_\_\_\_\_  
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2 *F. P. ... no rec*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Harold ... (Do Pass)*  
 Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER

SA TRSP  
FIN

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

DATE TURNED INTO OFFICE 3.2.89

2/8/89

Mr. President:

C&RA

Committee considered

SB 168

authorizing gambling enterprises in municipalities and on state  
ferries; efd

*reports it back without recommendation*  
and recommended:

- replace with CS \_\_\_\_\_  same title
- attached amendment(s) and  new title
- \_\_\_\_\_ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

*FN  
of  
FN*

FISCAL NOTE(S) attached  zero <sup>REVENUE</sup> C&RA  fiscal impact <sup>REVENUE</sup> DOT  
 appropriation no FN attached  Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_ *issue letter - no rec*

\_\_\_\_\_ *Don't know No - Rec*

\_\_\_\_\_ *Pat Louchard NO REC*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*1 Al Adams - No Rec*  
Chairman signature and recommendation

Committee backup attached

Original sponsor: Fahrenkamp

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 168 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing gambling enterprises in munic-  
7 ipalities; and providing for an effective date."

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

9 \* Section 1. POLICY. Gambling enterprises operated or licensed by  
10 municipalities offer a substantial contribution to the welfare and pros-  
11 perity of the municipalities and an opportunity to offset declining munici-  
12 pal revenue. The success of the limited gambling operations authorized by  
13 this Act is dependent upon strict regulation and control of all persons,  
14 locations, practices, and activities related to operation of gambling  
15 enterprises. Strict regulation and control will ensure that gambling is  
16 conducted honestly and free from criminal and corrupt persons, practices,  
17 and influences. All premises where gambling is conducted under this Act  
18 must be operated or licensed by a municipality. To further local control  
19 over the conduct of gambling, residents of each municipality authorized to  
20 operate or license gambling operations under this Act must vote to approve  
21 gambling before it can occur in the municipality.

22 \* Sec. 2. AS 05 is amended by adding a new chapter to read:

23 CHAPTER 16. LEGALIZED GAMBLING.

24 Sec. 05.16.010. GAMBLING PERMITTED. (a) Gambling is permitted  
25 within the limitations of this section.

26 (b) A person under 21 years of age may not gamble.

27 (c) Only numbers wheels and card and dice games may be operated  
28 for the purposes of gambling.

29 (d) A person licensed to operate a gambling enterprise or an  
S

1 employee of a gambling enterprise may not extend credit to a patron of  
2 a gambling enterprise.

3 (e) A person may not receive a license to operate a gambling  
4 enterprise or be employed by a gambling enterprise if that person has  
5 been convicted of a felony or an offense defined in AS 11.66.200 -  
6 11.66.280 or a comparable provision of a municipal ordinance or state  
7 or federal law.

8 (f) Only a person who has successfully completed a course of  
9 study in a curriculum for employees of a gambling enterprise at a  
10 school licensed by a state where gambling is legal may be employed by  
11 a gambling enterprise.

12 (g) An employee of a gambling enterprise may not gamble while on  
13 duty for the gambling enterprise.

14 (h) Within the boundaries of a municipality, gambling may be  
15 conducted under AS 29.35.600 - 29.35.690.

16 (i) Gambling is not authorized under this section in areas  
17 outside the boundaries of a municipality.

18 Sec. 05.16.020. PROCEEDS FROM MUNICIPALITIES. The commissioner  
19 of administration shall separately account for money received under  
20 AS 29.35.620(a) that the department deposits in the general fund. The  
21 annual estimated balance in the account may be used by the legislature  
22 to make appropriations to the department to administer this chapter  
23 except that one-half percent of the annual estimated balance in the  
24 account may be used by the legislature to make appropriations for the  
25 treatment and counseling of persons identified as compulsive gamblers  
26 and for programs designed to prevent persons from becoming compulsive  
27 gamblers.

28 Sec. 05.16.030. COOPERATION WITH MUNICIPALITIES. The department  
29 shall cooperate with municipalities in the administration and

1 regulation of gambling within municipalities authorized to license or  
2 operate gambling enterprises under AS 29.35.600 - 29.35.690.

3 Sec. 05.16.040. REGULATIONS. The department shall adopt regu-  
4 lations under the Administrative Procedure Act (AS 44.62) that are  
5 necessary to carry out this chapter, including regulations governing

6 (1) procedures for resolution of disputes between patrons  
7 of gambling enterprises and licensees;

8 (2) procedures under which the department may audit munici-  
9 pal records for gambling enterprises authorized under AS 29.35.600 -  
10 29.35.690;

11 (3) the form and content of reports by municipalities on  
12 their administration and regulation of gambling.

13 Sec. 05.16.050. ANNUAL REPORT. The department shall make a  
14 report to the governor and the legislature by March 1 of each year on  
15 its administration of this chapter, the regulation of gambling by  
16 municipalities, and its recommendations for legislation necessary for  
17 the regulation of gambling in this state.

18 Sec. 05.16.900. DEFINITIONS. In this chapter

19 (1) "department" means the Department of Commerce and  
20 Economic Development;

21 (2) "gambling" means that a person stakes or risks some-  
22 thing of value upon the outcome of a game or a future contingent event  
23 not under the person's control or influence, upon the agreement or  
24 understanding that the person or someone else will receive something  
25 of value in the event of a certain outcome; "gambling" does not in-  
26 clude activities authorized under AS 05.15;

27 (3) "gambling enterprise" means a business licensed to  
28 conduct gambling.

29 \* Sec. 3. AS 11.66.280(2) is amended to read:

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

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

12 (B) playing an amusement device that

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

16 (ii) does not contain a method or device by which  
17 the privilege of immediate replay may be cancelled or re-  
18 voked;

19 (C) an activity authorized by the commissioner of  
20 revenue under AS 05.15, or

21 (D) an activity authorized under AS 29.35.600 -  
22 29.35.690;

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

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

25 (A) includes five or more persons who conduct, fi-  
26 nance, manage, supervise, direct, or own all or part of the  
27 business;

28 (B) has been or remains in substantially continuous  
29 operation for a period in excess of 30 days or has a gross income

1 of \$2,000 or more in any single day; [AND]

2 (C) is not a municipality or a qualified organization  
3 under AS 05.15.210 except that, for purposes of this paragraph,  
4 no application for a license under AS 05.15 is required to be  
5 considered a qualified organization; and

6 (D) is not authorized under AS 29.35.600 - 29.35.690;

7 \* Sec. 5. AS 29.10.200 is amended by adding a new paragraph to read:

8 (51) AS 29.35.600 - 29.35.690 (gambling).

9 \* Sec. 6. AS 29.35 is amended by adding new sections to read:

10 ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.

11 Sec. 29.35.600. AUTHORIZATION. (a) Subject to AS 05.16.010, a  
12 municipality may operate or license a person in the municipality to  
13 operate a gambling enterprise if

14 (1) the municipality adopts an ordinance permitting gam-  
15 bling enterprises in the municipality and the ordinance is ratified by  
16 a majority of the voters of the municipality; the governing body of  
17 the municipality may require that voter approval of an ordinance  
18 proposed under this paragraph be by more than a majority of the voters  
19 of the municipality;

20 (2) the economy of the municipality depends substantially  
21 on tourism;

22 (3) the municipality has a substantial history of gambling  
23 during the gold rush era of 1890 to 1910; and

24 (4) the gambling enterprise enhances the historic character  
25 of the municipality.

26 (b) At least 30 days before the date on which the voters will  
27 consider ratifying an ordinance under (a)(1) of this section, the  
28 governing body of the municipality shall make available to the public  
29 a report describing the potential adverse and beneficial social

1 effects that the gambling enterprises authorized under the ordinance  
2 might have on the municipality.

3 Sec. 29.35.610. REGULATION OF GAMBLING. (9) The municipal  
4 ordinance providing for licensing and regulation of gambling enter-  
5 prises within a municipality authorized to license or operate gambling  
6 enterprises under AS 29.35.600 must

7 (1) establish a commission responsible for municipal li-  
8 censing and regulation of gambling enterprises consisting of at least  
9 seven members including

10 (A) a member of the governing body;

11 (B) a person experienced in law enforcement;

12 (C) a person trained in accounting or bookkeeping;

13 (D) a person active in the tourism industry;

14 (E) a historian or other person familiar with the  
15 history of the municipality; and

16 (F) two public members;

17 (2) establish qualifications for persons employed by the  
18 commission;

19 (3) provide for issuance, renewal, suspension, and revoca-  
20 tion of licenses for gambling enterprises and for the immediate sus-  
21 pension or revocation of a license for a violation of AS 05.16.010,  
22 AS 29.35.600 - 29.35.690, or a municipal gambling ordinance;

23 (4) establish

24 (A) dates and hours of operation for gambling enter-  
25 prises;

26 (B) locations in the municipality where gambling  
27 enterprises may be located;

28 (C) the games permitted;

29 (D) the number of gaming tables permitted on the

1 premises of a gambling enterprise;

2 (E) the maximum amount of wagers permitted in games;

3 (F) a schedule of fees for licenses;

4 (G) allowable rates of return on investment for gam-  
5 bling enterprises;

6 (H) auditing procedures for gambling enterprises;

7 (5) provide for the distribution of gambling proceeds  
8 including the amounts or proportions allocated to the gambling enter-  
9 prise and to winners;

10 (6) require disclosure of the identity of persons having a  
11 financial interest in a gambling enterprise and the nature of the  
12 interest;

13 (7) require detailed financial records of gambling enter-  
14 prises.

15 (b) The municipality may operate or license a person in the  
16 municipality to operate only numbers wheels and card and dice games  
17 for the purposes of gambling.

18 (c) The municipality may establish by ordinance whether alco-  
19 holic beverages may be sold on the premises of a gambling enterprise.

20 (d) A member of a commission responsible for municipal licensing  
21 and regulation of gambling enterprises and employees of the commission  
22 may not participate in or have a financial interest in a gambling  
23 enterprise.

24 (e) The municipality shall make a report to the Department of  
25 Commerce and Economic Development by February 1 of each year on its  
26 administration and regulation of gambling during the preceding year in  
27 the form prescribed by the department.

28 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or  
29 licenses a person to operate a gambling enterprise under AS 29.35.600

1 shall collect three and one-half percent of the gross proceeds from  
2 the gambling enterprise and pay that amount to the Department of  
3 Commerce and Economic Development for deposit in the general fund.

4 (b) If the municipality operates a gambling enterprise, the  
5 municipality shall receive all of the proceeds from the gambling  
6 enterprise, except the amount paid to the Department of Commerce and  
7 Economic Development under (a) of this section.

8 (c) If the municipality licenses a person in the municipality to  
9 operate a gambling enterprise, the municipality and the licensee may  
10 divide the proceeds from the gambling enterprise under the terms of  
11 the license after subtracting the amount paid to the Department of  
12 Commerce and Economic Development under (a) of this section.

13 Sec. 29.35.630. REVENUE DERIVED FROM GAMBLING ENTERPRISES. The  
14 fees, proceeds, and other revenue that a municipality receives from  
15 gambling enterprises may be used for public purposes as the munic-  
16 ipality may determine by ordinance.

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

19 Sec. 29.35.690. DEFINITION. In AS 29.35.600 - 29.35.690 "gam-  
20 bling" and "gambling enterprise" have the meanings given in AS 05.16.-  
21 900.

22 \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).  
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Introduced: 2/8/89  
Referred: Community and Regional  
Affairs, State Affairs and  
Finance

6-0672E

1 IN THE SENATE

BY FAHRENKAMP

2 SENATE BILL NO. 168

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing gambling enterprises in munic-  
7 ipalities and on state ferries; and providing for an  
8 effective date."

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

10 \* Section 1. POLICY. Gambling enterprises licensed by the state or by  
11 municipalities offer a substantial contribution to the welfare and pros-  
12 perity of the state and an opportunity to offset declining revenue. The  
13 success of the limited gambling operations authorized by this Act is depen-  
14 dent upon strict regulation and control of all persons, locations, prac-  
15 tices, and activities related to operation of licensed gambling enter-  
16 prises. Strict regulation and control will ensure that gambling is con-  
17 ducted honestly and free from criminal and corrupt persons, practices, and  
18 influences. All premises where gambling is conducted must be licensed by  
19 either the state or a municipality. To further local control over the  
20 conduct of gambling, residents of each municipality authorized to operate  
21 or license gambling operations under this Act must vote to approve gambling  
22 before it can occur in the municipality.

23 \* Sec. 2. AS 05 is amended by adding a new chapter to read:

24 CHAPTER 16. LEGALIZED GAMBLING.

25 Sec. 05.16.010. GAMBLING PERMITTED. (a) Gambling is permitted  
26 within the limitations of this section.

27 (b) A person under 21 years of age may not gamble.

28 (c) Only numbers wheels and card and dice games may be operated  
29 for the purposes of gambling.

1 (d) A person licensed to operate a gambling enterprise or an  
2 employee of a gambling enterprise may not extend credit to a patron of  
3 a gambling enterprise.

4 (e) A person may not receive a license to operate a gambling  
5 enterprise or be employed by a gambling enterprise if that person has  
6 been convicted of a felony or an offense defined in AS 11.66.200 -  
7 11.66.280 or a comparable provision of a municipal ordinance or state  
8 or federal law.

9 (f) Only a person who has successfully completed a course of  
10 study in a curriculum for employees of a gambling enterprise at a  
11 school licensed by a state where gambling is legal may be employed by  
12 a gambling enterprise.

13 (g) An employee of a gambling enterprise may not gamble while on  
14 duty for the gambling enterprise.

15 (h) Within the boundaries of a municipality, gambling may be  
16 conducted under AS 29.35.600 - 29.35.690.

17 (i) On a vessel of the Alaska marine highway system, gambling  
18 may be conducted under the terms of licenses issued by the department  
19 under AS 05.16.020.

20 (j) Gambling is not authorized under this section in areas  
21 outside the boundaries of a municipality except as provided in (i) of  
22 this section.

23 Sec. 05.16.020. LICENSED GAMBLING ON STATE FERRIES. (a) The  
24 department shall issue a license for a gambling enterprise on vessels  
25 of the Alaska marine highway system if the commissioner of transporta-  
26 tion and public facilities applies for a license.

27 (b) The proceeds of a gambling enterprise licensed under this  
28 section shall be paid into the general fund. The commissioner of  
29 administration shall separately account for money that the Department

1 of Transportation and Public Facilities deposits in the general fund  
2 under this subsection. The annual estimated balance in the account  
3 may be used by the legislature to make appropriations to the Depart-  
4 ment of Transportation and Public Facilities to carry out the purposes  
5 of this section.

6 Sec. 05.16.030. PROCEEDS FROM MUNICIPALITIES. The commissioner  
7 of administration shall separately account for money received under  
8 AS 29.35.620(a) that the department deposits in the general fund. The  
9 annual estimated balance in the account may be used by the legislature  
10 to make appropriations to the department to administer this chapter  
11 except that one-half percent of the annual estimated balance in the  
12 account may be used by the legislature to make appropriations for the  
13 treatment and counseling of persons identified as compulsive gamblers.

14 Sec. 05.16.040. COOPERATION WITH MUNICIPALITIES. The department  
15 shall cooperate with municipalities in the administration and regu-  
16 lation of gambling within municipalities authorized to license or  
17 operate gambling enterprises under AS 29.35.600 - 29.35.690.

18 Sec. 05.16.050. REGULATIONS. The department shall adopt regu-  
19 lations under the Administrative Procedure Act (AS 44.62) that are  
20 necessary to carry out this chapter, including regulations governing

21 (1) exclusion of a person convicted of a felony, or of a  
22 state, municipal, or federal gambling offense from participation as an  
23 employee or a patron of a gambling enterprise;

24 (2) the method and manner of conducting gambling and the  
25 equipment that may be used;

26 (3) the maximum amount of a wager permitted in games li-  
27 censed under this chapter;

28 (4) procedures for resolution of disputes between patrons  
29 of gambling enterprises and licensees;

1 (5) the form and content of reports by municipalities on  
2 their administration and regulation of gambling.

3 Sec. 05.16.060. ANNUAL REPORT. The department shall make a  
4 report to the governor and the legislature by March 1 of each year on  
5 its administration of this chapter, the regulation of gambling by  
6 municipalities, and its recommendations for legislation necessary for  
7 the regulation of gambling in this state.

8 Sec. 05.16.900. DEFINITIONS. In this chapter

9 (1) "department" means the Department of Revenue;

10 (2) "gambling" means that a person stakes or risks some-  
11 thing of value upon the outcome of a game or a future contingent event  
12 not under the person's control or influence, upon the agreement or  
13 understanding that the person or someone else will receive something  
14 of value in the event of a certain outcome; "gambling" does not in-  
15 clude activities authorized under AS 05.15;

16 (3) "gambling enterprise" means a business licensed to  
17 conduct gambling.

18 \* Sec. 3. AS 11.66.280(2) is amended to read:

19 (2) "gambling" means that a person stakes or risks some-  
20 thing of value upon the outcome of a contest of chance or a future  
21 contingent event not under the person's control or influence, upon an  
22 agreement or understanding that that person or someone else will  
23 receive something of value in the event of a certain outcome; "gam-  
24 bling" does not include

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

1 (B) playing an amusement device that

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

5 (ii) does not contain a method or device by which  
6 the privilege of immediate replay may be cancelled or re-  
7 voked;

8 (C) an activity authorized by the commissioner of  
9 revenue under AS 05.15 or AS 05.16; or

10 (D) an activity licensed under AS 29.35.600 - 29.35.-  
11 690;

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

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

14 (A) includes five or more persons who conduct, fi-  
15 nance, manage, supervise, direct, or own all or part of the  
16 business;

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

20 (C) is not a municipality or a qualified organization  
21 under AS 05.15.210 except that, for purposes of this paragraph,  
22 no application for a license under AS 05.15 is required to be  
23 considered a qualified organization; and

24 (D) is not licensed under AS 05.16 or AS 29.35.600 -  
25 29.35.690;

26 \* Sec. 5. AS 29.10.200 is amended by adding a new paragraph to read:

27 (5) AS 29.35.600 - 29.35.690 (gambling).

28 \* Sec. 6. AS 29.35 is amended by adding new sections to read:

29 **ARTICLE 9. GAMBLING WITHIN MUNICIPALITIES.**

1           Sec. 29.35.600. AUTHORIZATION. Subject to AS 05.16.010, a  
2 municipality may operate or license a person in the municipality to  
3 operate a gambling enterprise if

4           (1) the municipality adopts an ordinance permitting gam-  
5 bling enterprises in the municipality and the ordinance is ratified by  
6 a majority of the voters of the municipality; the governing body of  
7 the municipality may require that voter approval of an ordinance  
8 proposed under this paragraph be by more than a majority of the voters  
9 of the municipality;

10           (2) the economy of the municipality depends substantially  
11 on tourism;

12           (3) the municipality has a substantial history of gambling  
13 during the gold rush era of 1890 to 1910; and

14           (4) the gambling enterprise enhances the historic character  
15 of the municipality.

16           Sec. 29.35.610. REGULATION OF GAMBLING. (a) The municipal  
17 ordinance providing for licensing and regulation of gambling enter-  
18 prises within a municipality authorized to license or operate gambling  
19 enterprises under AS 29.35.600 shall

20           (1) establish a commission responsible for municipal li-  
21 censing and regulation of gambling enterprises consisting of at least  
22 seven members including

23                   (A) a member of the governing body;

24                   (B) a person experienced in law enforcement;

25                   (C) a person trained in accounting or bookkeeping;

26                   (D) a person active in the tourism industry;

27                   (E) a historian or other person familiar with the  
28 history of the municipality; and

29                   (F) two public members;

1 (2) establish qualifications for persons employed by the  
2 commission;

3 (3) provide for issuance, renewal, suspension, and revoca-  
4 tion of licenses for gambling enterprises and for the immediate sus-  
5 pension or revocation of a license for a violation of AS 05.16.010,  
6 AS 29.35.600 - 29.35.690, or a municipal gambling ordinance;

7 (4) establish

8 (A) dates and hours of operation for gambling enter-  
9 prises;

10 (B) locations in the municipality where gambling  
11 enterprises may be located;

12 (C) the games permitted;

13 (D) the number of gaming tables permitted on the  
14 premises of a gambling enterprise;

15 (E) the maximum amount of wagers permitted in games;

16 (F) a schedule of fees for licenses;

17 (G) allowable rates of return on investment for gam-  
18 bling enterprises;

19 (H) auditing procedures for gambling enterprises;

20 (5) provide for the distribution of gambling proceeds  
21 including the amounts or proportions allocated to the gambling enter-  
22 prise and to winners;

23 (6) require disclosure of the identity of persons having a  
24 financial interest in a gambling enterprise and the nature of the  
25 interest;

26 (7) require detailed financial records of gambling enter-  
27 prises.

28 (b) The municipality may operate or license a person in the  
29 municipality to operate only numbers wheels and card and dice games

1 for the purposes of gambling.

2 (c) The municipality may establish by ordinance whether alco-  
3 holic beverages may be sold on the premises of a gambling enterprise.

4 (d) A member of a commission responsible for municipal licensing  
5 and regulation of gambling enterprises and employees of the commission  
6 may not participate in or have a financial interest in a gambling  
7 enterprise.

8 (e) The municipality shall make a report to the Department of  
9 Revenue by February 1 of each year on its administration and regula-  
10 tion of gambling during the preceding year in the form prescribed by  
11 the department.

12 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or  
13 licenses a person to operate a gambling enterprise under AS 29.35.600  
14 shall collect three and one-half percent of the gross proceeds from  
15 the gambling enterprise and pay that amount to the Department of  
16 Revenue for deposit in the general fund.

17 (b) If the municipality operates a gambling enterprise, the  
18 municipality shall receive all of the proceeds from the gambling  
19 enterprise, except the amount paid to the Department of Revenue under  
20 (a) of this section.

21 (c) If the municipality licenses a person in the municipality to  
22 operate a gambling enterprise, the municipality and the licensee may  
23 divide the proceeds from the gambling enterprise under the terms of  
24 the license after subtracting the amount paid to the Department of  
25 Revenue under (a) of this section.

26 Sec. 29.35.630. REVENUE DERIVED FROM GAMBLING ENTERPRISES. The  
27 fees, proceeds, and other revenue that a municipality receives from  
28 gambling enterprises may be used for public purposes as the munic-  
29 ipality may determine by ordinance.

1           **Sec. 29.35.640. APPLICATION.** AS 29.35.600 - 29.35.690 apply to  
2 home rule and general law municipalities.

3           **Sec. 29.35.690. DEFINITION.** In AS 29.35.600 - 29.35.690 "gam-  
4 bling" and "gambling enterprise" have the meanings given in AS 05.16.-  
5 900.

6 \* **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).  
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### FISCAL NOTE

**REQUEST:**

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

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

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

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

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

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

**POSITIONS:**

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

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

Prepared by: Carol Carroll, Deputy Director Phone: 465-4750  
 Division: Municipal & Regional Assistance Date: 3/2/89

Approved by Commissioner: [Signature] Date: 3/2/89  
 Agency: Community & Regional Affairs

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

*Changes in the staff CS have no fiscal effect. This fiscal note is appropriate.*  
 S. Schubert page 1 of 1  
 4-21-89

## FISCAL NOTE

**REQUEST:**

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

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

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		1,500.0	1,500.0	1,500.0	1,530.0	1,560.0
TRAVEL		30.0	30.0	30.0	31.0	32.0
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		1,530.0	1,530.0	1,530.0	1,561.0	1,592.0

CAPITAL		270.0				
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REVENUE		*	*	*	*	*
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		1,800.0	1,530.0	1,530.0	1,561.0	1,592.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		1,800.0	1,530.0	1,530.0	1,561.0	1,592.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

\* Not determined at this time.

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

See attached comments.

Prepared by: John Halterman, Assistant Director Phone: 465-3950  
 Division: Alaska Marine Highway System Date: \_\_\_\_\_

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

**Distribution (by preparer):**

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

### FISCAL NOTE

**REQUEST:**

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

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

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

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

**FUNDING:** (Thousands of Dollars)

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

**POSITIONS:**

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

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

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

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

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

Date: 3/2/89

Distribution (by preparer):

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

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 168 (c)  
PUBLISH DATE: 3/3/89

FISCAL NOTE

REQUEST:

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

Agency Affected: Revenue  
BRU: Income & Excise Audit

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel*  
Division: Income and Excise Audit

Phone: (907) 465-2320

Date: February 17, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone*

Date: February 17, 1989

Agency: Department of Revenue

Distribution (by preparer):

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

### Analysis

This legislation would impact the Department of Revenue by:

1. Section 2

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

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

2. Section 6

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

### Fiscal Impact

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

### Recommendation

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

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

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



**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

**BILL VERSION: CSSB 168 S R (a)  
PUBLISH DATE: 4/27/89**

**FISCAL NOTE**

Revision Date: 4/22/89  
Title: Authorizing gambling enterprises  
in municipalities.

Agency Affected: DOT&PF

BRU:

Sponsor: Fahrenkamp  
Requestor: Senate State Affairs Committee

Components: AMHS

**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	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & 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
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REVENUE	0	0	0	0	0	0
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**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 <sup>0</sup>	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)

The Senate State Affairs Committee Substitute for SB 168 has no fiscal impact on the Department.

Prepared by: W. Keith Gerken, Deputy Commissioner  
Division: Maintenance and Operations

Phone: 465-3900  
Date: 4/24/89

Approved by Commissioner: Mark S. Hickey  
Agency: Department of Transportation and Public Facilities

Date: 4/23/89

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

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CS SB 168 STATE AFFAIRS  
PUBLISH DATE: 5/3/89

(e)

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Legalized Gambling  
Sponsor: Fahrenkamp  
Requestor: Finance

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
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: The CS removes the Department of Revenue from the administration of this bill.

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: April 24, 1989

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: April 24, 1989  
Agency: Department of Revenue

Distribution (by preparer):

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

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 168 (SA) (d)  
PUBLISH DATE: 5/3/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Authorizing Gambling Enterprises  
in Municipalities  
Sponsor: Fahrenkamp  
Requester: Senate State Affairs

Agency Affected: Commerce & Econ. Dev.  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		89.2	89.2	89.2	89.2	89.2
TRAVEL		7.5	7.5	7.5	7.5	7.5
CONTRACTUAL		25.4	25.4	25.4	25.4	25.4
SUPPLIES		3.0	3.0	3.0	3.0	3.0
EQUIPMENT		10.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	135.1	125.1	125.1	125.1	125.1

CAPITAL						
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REVENUE	0	*	*	*	*	*
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FUNDING: (Thousands of dollars)

GENERAL FUND		135.1**				
FEDERAL FUNDS						
OTHER			125.1	125.1	125.1	125.1
TOTAL	0					

POSITIONS:

FULL-TIME	0	2	2	2	2	2
PART-TIME		0	0	0	0	0
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

\*See Revenue Analysis attached.

\*\*Funding is to come from program receipts; however, the department cannot estimate what the amount might be. Therefore, for the first year, general funds are used.

Prepared by: Linda Wild, Special Assistant  
Division: Commissioner's Office

Phone: 465-2500  
Date: 5-1-89

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

Phone: 465-2500  
Date: 5/1/89

Distribution (by preparer):

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

Fiscal Note Analysis: CSSB 168 (SA)

CSSB 168 (SA) authorizes historical gambling within municipalities, subject to local approval through adoption of an ordinance. The department is to "cooperate" with municipalities in the administration and regulation of gambling within municipalities authorized to license or operate historical gambling activities. The department is uncertain as to what might be involved in "cooperation," but this fiscal note assumes that the department would be responsible for adopting regulations regarding gambling activities, the auditing of municipal records, and reporting requirements. Municipalities are to establish local commissions responsible for licensing, regulation, and administration of authorized gambling activities. It is unclear to what extent the department would be involved in this effort.

The bill further provides that the department submit an annual report to the Governor and Legislature on its administration of historical gambling, the regulation of gambling by municipalities, and its recommendations for legislation.

The department believes that, if the Legislature chooses to authorize historical gambling or any other type of gambling activity, the administration and regulation of the activity would best be handled through a state gambling commission.

FY 90 EXPENDITURE DETAIL

PERSONAL SERVICES

Administrative Officer III, Range 21	\$61,500
Clerk Typist III, Range 8	27,736
Subtotal	\$89,236

TRAVEL

Staff travel to meet with municipal gambling commissions	\$ 7,500
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CONTRACTUAL

Audits	\$15,000
Postage, communications, printing, etc.	5,000
Office space	5,400
Subtotal	\$25,400

SUPPLIES \$ 3,000

EQUIPMENT (one time costs) \$10,000

FY 90 EXPENDITURES

### FY 90 REVENUE DETAIL

CSSB 168 (SA) provides that the state receive 3-1/2% of gross proceeds, and that 1/2% of that amount may be appropriated for the treatment and counseling of persons identified as compulsive gamblers and for programs designed to prevent persons from becoming compulsive gamblers. The department is unable to estimate, at this time, the amount of revenue that may be generated by historical gambling activities. The bill does provide that program receipts may be used to fund administrative costs of the department under this chapter.

Funding for future years depends upon how many municipalities would choose to authorize gambling enterprises. Not knowing how extensive participation might be, this fiscal note carries the FY 90 numbers on into future years.