

S B

146

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: SB 146
PUBLISH DATE: _____

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: SE 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						
TOTAL OPERATING		76.0	37.0	38.0	39.0	40.0

CAPITAL		0	0	0	0	0
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REVENUE		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						
TOTAL		76.0	37.0	38.0	39.0	40.0

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 *Tom Shanley* Phone: 465-3955
 Division: Alaska Marine Highway System *John Keller* Date: 3/29/89
 Approved by Commissioner: H. Kent *H. Kent* Date: 3/29/89
 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 + analysis

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.

Alaska State Legislature



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling

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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: April 21 Committee Hearing
DATE: April 21, 1989

On Friday, April 21 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SJR 18, Proposing an amendment to the Constitution of the State of Alaska relating to income from the permanent fund

SJR 18 would amend the Constitution to specify that income of the permanent fund may be appropriated only for dividends, to the fund principal, for administrative costs of the fund, and for other purposes that a majority of the legislature and the voters approve.

A draft committee substitute that makes the following changes has been prepared:

- 1) Provides for a 2/3, rather than a 3/4, majority vote by the legislature.
- 2) Requires that the public renew its approval of SJR 18 every six years.

SB 214, An Act making a special appropriation to the principal of the permanent fund

SB 214 would appropriate the balance in the earnings reserve account of the permanent fund to the principal of the fund. The current balance is approximately \$604 million.

IN ADDITION, THE FOLLOWING BILLS WILL BE BACK BEFORE THE COMMITTEE:

SB 146. An Act allowing gaming devices on ferries

SB 146 would authorize the installation and use of video gaming devices on state ferries, with revenues from the games being appropriated to fund the operation of the ferry system. It is my intent to move this bill from committee on Friday.

SB 168. An Act authorizing gambling enterprises in municipalities

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, a municipality must have a substantial history of gambling and be substantially dependent on tourism. The bill would allow similar gambling operations on the state ferry system.

A draft committee substitute which makes the following changes is being prepared at the sponsor's request:

- 1) Eliminates the provisions regarding the ferry system.
- 2) Transfers the responsibility for state oversight of the municipal operations from the Department of Revenue to the Department of Commerce. This is consistent with Executive Order 74, which transferred games of chance and contests of skill.
- 3) Provides for a share of the gambling proceeds to be used for prevention programs, as well as for treatment and counseling of compulsive gamblers.

It is my intent to move this bill out of committee today.

HB 91. An Act relating to protection for certain public employees and certain other persons who report or participate in a proceeding connected with a matter of public concern

HB 91, the "whistleblower bill", would prohibit public employers from discharging, threatening, or otherwise discriminating against employees simply because they disclose information of public concern before a public body.

A draft committee substitute which makes the following changes is being prepared:

- 1) Exempts the Alaska Railroad. Current statute provides that employees of the railroad are not employees of the state.
- 2) Exempts municipalities that, by ordinance, adopt substantially similar protections. This exemption is

Committee Memo
April 21, 1989
Page 3

consistent with the resolution passed by the Anchorage Municipal Assembly.

A zero fiscal note prepared by the Court System is attached. It is my intent to move this bill out of committee today.

HB 138, An Act establishing a state employee incentive award system

HB 138 would establish a monetary incentive program to encourage employees to improve state operations. A draft committee substitute that makes the following changes is attached:

- 1) Requires an annual report to the Legislature detailing who received awards, the basis for each award, and the amount of the award.
- 2) Prohibits commissioners, deputy commissioners, assistant commissioners, directors, and deputy directors from receiving awards.

It is my intent to move this bill out of committee today.

Alaska State Legislature

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman
Sen. Al Adams
Sen. Tim Kelly
Sen. Rick Uehling



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

907-465-3712

Senate State Affairs Committee

MEMORANDUM

TO: Senate State Affairs Committee Members
FROM: Senator Pat Pourchot, Chairman
RE: April 17 Committee Hearing
DATE: April 14, 1989

On Monday, April 17 at 1:30 p.m. in the Beltz Room the Senate State Affairs Committee will hear the following bills:

SB 146, An Act allowing gaming devices on ferries

SB 146 would authorize the Department of Revenue to license state ferries to install video gaming devices. Receipts from operation of the gaming devices would be separately accounted for in the general fund, with intent that the legislature appropriate the funds for operation of the marine highway system. Machines that pay winnings directly to the player, as opposed to machines that provide credits that can be redeemed for cash, would be prohibited.

The Department of Transportation fiscal note estimates net revenues of \$75,000 to \$130,000 annually.

SB 168, An Act authorizing gambling enterprises in municipalities and on state ferries

SB 168 would allow certain municipalities, by adoption of an ordinance, to operate a gambling enterprise. To be eligible, municipalities must have a substantial history of gambling during the gold rush era, depend substantially on tourism, and use the gambling enterprise to enhance the historic character of the municipality. Only numbers wheels and card and dice games would be allowed.

Gambling proceeds would be retained by the municipality except for a 3.5% tax on the gross revenues, which would be paid to the Department of Revenue for deposit in the general fund. The department has not developed an estimate of potential revenues.

Committee Memo
April 17, 1989
Page 2

In addition, SB 168 would authorize the Department of Revenue to license state ferries to conduct gambling. Only numbers wheels and card and dice games would be allowed. Proceeds would be separately accounted for in the general fund, with intent that the legislature appropriate the funds to the marine highway system. The Department of Transportation has not developed an estimate of potential revenues.

SB 263, An Act relating to video gaming devices and their distributors, classifying video gaming devices as coin-operated devices for purposes of regulation and taxation, and exempting them from the definition of gambling devices; to taxes imposed on and regulation of coin-operated devices

SB 263 would authorize the installation and use of video gaming devices on certain premises licensed to sell alcohol. An annual license fee of \$100 per machine would be charged by the Department of Revenue, and tax in the amount of 25% of each machine's net income would be collected. Licenses for distributors of the machines would also be required.

Draw poker and keno would be the only video games authorized. Machines that pay winnings directly to the player, as opposed to machines that provide credits that can be redeemed for cash, would be prohibited.

SB 263 is patterned after Montana's video gaming law, enacted in 1985. In FY 88 Montana licensed 8,462 machines that generated net income in excess of \$70 million. Of this, the state collected 15% (\$10.6 million). The Department of Revenue fiscal note on SB 263 estimates net revenues of nearly \$12 million.

SB 168 - *policy statement*
operator may not extend credit to a gambler

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 *SB168 - DOT commissioner must apply* a vessel of the Alaska marine highway system to
11 operate *SB168 gambling enterprise* 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 *same* 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

same as SB 168

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 *SB 168 - to carry out purposes of this section*
operation of the Alaska marine highway system.

5 Sec. 19.65.060. DEFINITION FOR AS 19.65.030 - 19.65.060. In

AS 19.65.030 - 19.65.060 "gaming device" means equipment or a mechan-
ical, electromechanical, or electronic contrivance, component, or
machine that affects the result of a wager by determining wins or
losses in connection with a game in which, by the skill of the player
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
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

*SB 168 -
number
wheels & card
& dice games*

*exempt
from
criminal
code*

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

1

required to be considered a qualified organization;

SB146



International Game Technology

520 S. Rock Blvd. Reno, NV 89502. Phone 702/323-5050. FAX 702/788-6792. Tlx 170495 IGT RNO

Transmission Via Facsimile

To: MARY McBIRNEY M. SZYMANSKI	Date: 3-6-89	Fax No.: 3714	No of Pages: 2	From: RONDA KERR IGT, RENO
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Dear Mary,

Pursuant to our telephone conversation on this date, I am forwarding to you the information we discussed.

Please contact me if you have further questions or clarification is needed.

Again, I apologize for the time it has taken for me to get you the information. With the number of states contemplating the same action the requests for information have been overwhelming. Thank you for your patience.

Regards,

Ronda Kerr
Asst. Sales
U.S. Regional and
International Sales
(702) 788-6796

PROPOSAL FOR THE STATE OF ALASKA

<u>PASSENGER DATA</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>PLAN C</u>	<u>PLAN D</u>
PASSENGERS PER YEAR	64,278	64,278	64,278	64,278
PASSENGERS PER DAY (360 DAYS)	179	179	179	179
% OF PASSENGERS THAT GAMBLE (Decreases as machine tightens)	25%	20%	15%	10%
PASSENGERS THAT GAMBLE PER DAY	45	36	27	18
LOSS PER PERSON GAMBLING PER DAY	\$27	\$27	\$27	\$27

MACHINE DATA

MACHINE PAYBACK %	90%	85%	80%	75%
NUMBER OF MACHINES	33	35	35	35

REVENUE DATA

TOTAL DOLLARS IN EACH MACHINE/DAY	\$347.10	\$185.13	\$104.15	\$55.56
NET WIN PER MACHINE PER DAY	\$34.71	\$27.77	\$20.83	\$13.89
TOTAL NET WIN PER DAY	\$1,215	\$972	\$729	\$486
TOTAL NET WIN PER YEAR (360 DAYS)	\$437,346	\$349,902	\$262,458	\$175,014

ASSUMPTIONS

- 1) Gamblers will lose their allocated budget if they are enjoying themselves and they perceive the slot machine is a fair game. If they are getting payback in coins from a less tight game, they will perceive the game as fair and play longer.
- 2) Fewer gamblers will play a game if they are not getting reinforcement in the form of payback. Thus, a tighter game tends to turn away gamblers.
- 3) Repeat gamblers (locals) learn to sense the tightness of a game.



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: CS SB 146 (Trsp)

TITLE: An Act allowing gaming devices on ferries

W. K. Hickey
APPROVED: Mark S. Hickey
Commissioner

DATE: FOR
4/5/89

RECEIVED APR 7 1989

The Alaska Marine Highway System (AMHS) supports Senate Bill 146 in its current version, CS SB 146 (Trsp), which will allow gaming devices on board State ferries. There is no doubt that this form of entertainment would be enjoyed by a significant percentage of our passengers and would generate much-needed additional revenues.

Although the most likely location for the machines is in the cocktail lounges, actual placement of the devices will be determined at the time of installation.

Initially, twelve machines would be placed on each of three main-line ships in the Southeast System. Video games currently in place on board the ships have proven most successful under a competitively bid "partnership" arrangement wherein the vendor bears the capital costs of the actual equipment. We would anticipate this same approach with gaming devices.

The player will be given the option of free games, credit, or tokens that may be redeemed for cash. Dispensing of tokens rather than cash will ensure that the actual gross revenues remain in the machines, allowing for more accurate money handling and a better audit trail. This type of system has been used effectively in the State of Montana.

Department of Transportation & Public Facilities



POSITION PAPER

BILL NO: SB No. 146

APPROVED:

[Handwritten signature]

TITLE: Gambling Devices on State Ferries DATE: March 29, 1989

The Alaska Marine Highway System (AMHS) supports Senate Bill No. 146 to allow electronic gaming devices on board the vessels of the fleet. There is no doubt this form of entertainment would be enjoyed by a large percentage of our passengers and could generate much needed additional revenue.

There are a few suggestions we would like to make which, if accepted, would give us more flexibility in implementation, as well as future alterations. Because this concept has not been tried before we can only speculate what the results will be. There will be by necessity a learning curve and it is in this context that we would like to be able to use slightly different approaches if it appears needed.

Page 1, Lines 9-11 - change to:

Sec. 19.65.030. Gaming Devices Authorized. (a) The Department of Revenue may license a vessel of the Alaska Marine Highway System to operate gaming devices in a portion of the vessel that is not accessible to minors.

The most likely place to locate the machines is in the cocktail lounges but it might be advantageous to move them to a different location and we would like to have that flexibility.

Page 2, Lines 10-12 - change to read:

...or by chance, or both, the player may receive free games, credit or tokens that can be redeemed for cash.

The concept in the bill is similar to the system used in the State of Montana which works well. We agree a similar system could be the place to start but would like to have the authority to dispense tokens, but not cash if it looked more effective operationally.

Other than these changes we feel it is a workable and positive approach to improving the profitability of the AMHS vessels.

The fiscal note was approached from the standpoint of implementing gaming devices in the most inexpensive possible way. This pilot project would install at least twelve machines on the M/V MALASPINA, MATANUSKA and the COLUMBIA in the cocktail lounges.

*adopted
Transp CS.*

*adopted
Transp CS.*

Twelve machines were selected because this is the most which can be installed without major rewiring and remodeling costs and is adequate to determine the feasibility of gambling on a pilot basis. As currently envisioned the capital cost would be funded by a vendor who would work on a partnership basis similar to the video games that are currently being used. This business would be solicited on a competitive basis. After implementation, or during the planning stages, another approach might be used if it were found to be more cost effective. Should this pilot project be successful enough to warrant the installation of substantially more machines higher costs for modification of the vessels and perhaps additional crew for security would be required.



Alaska State Legislature

Senator Mike Szymanski

While in Session:
P.O. Box V
State Capitol, Room 11
Juneau, Alaska 99811
(907) 465-4978/4979
FAX (907) 465-2652

POSITION PAPER: SB 146

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

165 E. Parks Highway
Legislative Information Office
Wasilla, Alaska 99687
(907) 376-MIKE

The State of Alaska is currently challenged by a fiscal crisis which will affect the quality and availability of services that the state can provide to its residents. In order to balance the State's budget and develop a sustainable level of funding, the Legislature has two options: cut the budget and develop sources of revenue. Senate Bill 146 proposes to accomplish the latter; to develop a new source of revenue for the state by allowing gambling machines to be placed on state ferries.

SB 146 would permit the Department of Revenue to license a vessel of the Alaska Marine Highway System to operate gaming machines in the portion of the vessel that is licensed to sell alcohol. The intent of the bill is to make gaming devices, such as video poker games and electronic slot machines, available for the entertainment of ferry passengers patronizing the vessels' bar areas. According to estimates by DOTPF, twelve machines, which are similar to arcade-type video games, have the potential to generate net revenues of approximately \$75,000 a year.

The Alaska Marine Highway System has four mainliner ferries, the M/V Matanuska, the M/V Malaspina, the M/V Columbia and the M/V Taku, which run between Seattle and ports in Southeast Alaska. The annual passenger traffic on the mainliner vessels is approximately 234,000 people, many of whom are tourists. Since many commercial cruise lines currently offer gaming machines on their tour ships, allowing passengers to enjoy gaming machines on the state ferries would help to upgrade the ferries' entertainment services and enhance the visitors' travel experience. Ferry gaming could also become a focal point for marketing the Alaska Marine Highway System to the travel industry.

Since gaming areas will be limited to the portion of the ferry licensed to serve alcohol, minors will be prohibited access to the machines. Locating the gaming machines in the licensed areas will also enable ferry staff to supervise the gaming areas and provide adequate security against machine tampering and unauthorized use.

SB 146 has the potential to alleviate some of the impact of budget shortfalls currently facing the state. In this time of financial crisis, we need to examine and consider all options for raising additional revenue. Allowing gaming machines to be placed on state ferries may enable the Alaska Marine Highway System to become more cost-effective in its operations and competitive in the travel market.

Senate District E

Met-Su • So. Anchorage • Bird/Indian • Girdwood • Whittier • Nikiski • Cooper Landing • Hope • Seward • Cordova • Valdez

STATE OF ALASKA
THE LEGISLATURE

POUCH & STATE CAPITAL
SUNSHINE ALASKA PRINT
207 405 06 00

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 24, 1989

SUBJECT: Gambling on Ferries
(Work Order No. 6-0363E)

TO: Senator Mike Szymanski

FROM: Terri Lauterbach
Legislative Counsel

Following is a sectional analysis of this work order:

Sec. 1.

AS 19.65.030. This section authorizes the Department of Revenue to license a state ferry to operate gaming devices in the part of the vessel (that is licensed to sell alcohol). The license would not be valid when the vessel is in another jurisdiction that does not allow gambling. *from which minors are prohibited entrance*

AS 19.65.040. This section prohibits use of gaming devices by persons under the age of 21. It also prohibits tampering with gaming devices. *(Transp CS)*

AS 19.65.050. This section directs the commissioner of transportation and public facilities to deposit ferry gambling receipts in the general fund where they will be separately accounted for by the commissioner of administration. The legislature may then appropriate the money for operation of the ferry system or for any other purpose.

AS 19.65.060. This section provides a definition of "gaming device." It includes all devices that allow a player to win a free game or to receive credits that can be redeemed for cash. It does not include devices that directly dispense cash. *or tokens (Transp CS)*

Secs. 2 - 4. These sections amend criminal laws relating to illegal gambling to clarify that they do not apply to gambling authorized under sec. 1 of the bill.

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

TL:kb
wkk1/074

-Sectional analysis -

Original sponsors: Szymanski, Faiks,
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. *[is licensed 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-
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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

*Changes in CS
marked
p. 1, l. 11-12
p. 2, l. 11*



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 (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;

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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 subparagraph [PARAGRAPH], no application for a li-
2 cense under AS 05.15 is required to be considered a
3 qualified organization;

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: CS SB 146 (Trsp)

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

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

Agency Affected: DOTFF - 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						
TOTAL OPERATING		76.0	36.0	36.0	36.0	36.0

CAPITAL		-0-				
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REVENUE		150.0	155.0	160.0	165.0	170.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND		76.0	36.0	36.0	36.0	36.0
FEDERAL FUNDS						
OTHER						
TOTAL		76.0	36.0	36.0	36.0	36.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: G. W. Davidson, System Director
 Division: Alaska Marine Highway System

Phone: 465-3950

Date: _____

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

Date: 4/5/89

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.