

S B

168

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 168

SPONSOR Fahrenkamp

BILL TITLE Gambling in municipalities & state
ferries

DATE REFERRED 3-31-89

HEARING SCHEDULED

FISCAL NOTE PREPARED ✓

SPONSOR CONTACTED Tom Moyer 3834

INTERESTED PARTIES CONTACTED

Marcel Carroll, CRA ^{Jim Plasman} 4750

Katy McHugh, DOT 3900 (John. Malterman 3950)

✓ Steve Kettle, DOR 2320

Linda Wild, DCED 2500

OTHER

Szymanski bill - ferries only

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: Senator Tim Kelly
Senate President

FROM: Senator Pat Pourchot, Chairman
Senate State Affairs Committee

Senator Lloyd Jones, Chairman
Senate Transportation Committee

RE: Committee Referral on SB 168

DATE: March 15, 1989

SB 168, which would authorize gambling on ferries and in municipalities, has been referred to the State Affairs Committee with a subsequent referral to the Transportation Committee. Conversely, SB 146, which would authorize gambling on ferries, has been referred to the Transportation Committee with a subsequent referral to the State Affairs Committee.

So that these related bills may be considered at the same time by each committee, we would respectfully request that the referrals on SB 168 be reversed so that it goes first to the Transportation Committee and then to the State Affairs Committee.

Thank you for your consideration.

cc: Senator Bettye Fahrenkamp
Senator Mike Szymanski

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.

TYLER.TXT

May 6, 1989

not sent

Tyler Jones
349 West Harvard
Anchorage, Alaska 99501

Dear Tyler:

I received your inquiry about the various gambling proposals being considered by the legislature. As we evaluate revenue alternatives, some forms of gambling seem to be gaining recognition as viable revenue generating tools. This session alone, a dozen bills have been introduced and a petition drive is underway to get the gambling question on the ballot.

As chairman of the State Affairs Committee, I have conducted public hearings on several of the proposals including historic casino-type gambling, video gaming in bars, and various forms of gambling on the state ferry system as a tourist attraction. Bills that would authorize parimutuel racing and off-track betting and that would establish a state gaming commission have also been introduced.

While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools. In fact, I have sponsored at the request of CHARR, SB 263, which would authorize the use of video gaming machines in bars.

SB 263 is modeled after the Montana law, which tightly limits the maximum bid (\$2) and maximum pay-out (\$100), provides strict penalties for violations, and provides for a significant share of the income from each machine to go to the state. The Alaska Department of Revenue estimates revenues of approximately \$15 million annually under SB 263. I view video gaming more in the "entertainment" category than the "vice" category, and firmly believe it would benefit the state economically without doing damage to society. Of course, not everyone agrees with me.

While all of the gambling bills have some degree of support, there is also some general, almost philosophical opposition to them ~~also~~. While most have had at least one hearing, and one --

Tyler Jones
May 6, 1989
Page 2

parimutuel racing -- has passed the House, all are struggling and none will reach final passage this session.

Tyler, I appreciate you being in touch. I'll be back in Anchorage around May 15th -- I look forward to seeing you then. ?

Sincerely,

Senator Pat Pourchot
Chairman

PP/ss

Department of Transportation & Public Facilities



POSITION PAPER

BILL NO: SB 168

APPROVED:

TITLE: Authorizing Gambling in Certain
Places

DATE: March 3, 1989

Senate Bill No. 168

ANALYSIS:

The analysis assumes three mainline vessels would each have one roulette wheel, one dice table and one card table. Each game would require two staff per week to run the game. The analysis also assumes these facilities would be located in the existing bar space, or other public area, eliminating the need to reduce staterooms. Does not include cost to modify vessel for the quarters for this additional crew. It further assumes that the pay scale for the dealers would be roughly equivalent to that of the bartender.

No attempt has been made to estimate the potential revenue from casino operations, although we will be working on developing such an estimate. Our primary thrust has been to review the possibility of placing electronic gaming devices on the vessels, it is from this source that the estimated capital cost is derived. It must be understood these are very preliminary estimates, which could change drastically once more information is known. In addition, the crewing levels and compensation are subject to collective bargaining agreements and are subject to change depending upon the outcome of negotiations.

2 crews each consisting of:

- 6 "dealers" @ \$48,500/year with benefits
- 2 "reliefs" @ \$48,500/year with benefits

8 crew x \$48,500/year x 2 crews/vessel x 2 vessel years of operation

* $8 \times \$48,500 \times 2 \times 2 = \$1,552,000$

* Vessel year

2 vessels operating 10 months/year = 20 months

1 vessel operating 4 months/year = 4 months

24 vessel months = 2
vessel years

For further information call Catherine A. McHugh at 465-3900

Travel:

Travel costs depend upon crew change ports and the location of the specific crew members. Assuming approximately 756 "crew weeks" and that travel costs would only be incurred for 20% of those weeks the total cost would be approximately \$30,000.

Capital Cost:

Each ship at approximately $\$90,000 \times 3 = \$270,000$



Alaska State Legislature

SENATE

Official Business

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

M E M O R A N D U M

SUBJECT: Section-by-Section Summary of SB 168
TO: Senate Community & Regional Affairs Committee
FROM: Senator Betty ~~Fahrenkamp~~ Fahrenkamp
DATE: February 21, 1989

This memorandum is a section-by-section summary of SB 168, An Act authorizing gambling enterprises in municipalities and on state ferries; and providing for an effective date.

Section 1 of the bill states the policy which the Legislature seeks to implement by enacting this bill.

Section 2 of the bill amends AS 05 by adding a new chapter.

CHAPTER 16. LEGALIZED GAMBLING.

Sec. 05.16.010 GAMBLING PERMITTED establishes the conditions under which gambling is permitted.

A person under 21 years of age may not gamble. Only card and dice games and numbers wheels are permitted. A person who operates a gambling enterprise, or an employee of a gambling enterprise may not extend credit to a patron of a gambling enterprise. A person may not receive a permit to operate a gambling enterprise or be employed by a gambling enterprise if the person has been convicted of a state or federal felony or gambling offense. Only a person who has completed classes on gambling at a school in a state where gambling is legal may be employed by a gambling enterprise. An employee of a gambling enterprise may not gamble while on duty for the gambling enterprise.

Gambling is allowed within municipalities, with the municipal government regulating gambling enterprises. No gambling is allowed outside of municipalities, except the Department of Revenue may license gambling enterprises on state ferries.

Sec. 05.16.020 LICENSED GAMBLING ON STATE FERRIES requires the Department of Revenue to issue a license for a gambling enterprise on state ferry vessels, if the commissioner of transportation and public facilities requests a license. The proceeds of a gambling enterprise on a state ferry may be used to fund the operations of the Alaska Marine Highway System.

Sec. 05.16.030 PROCEEDS FROM MUNICIPALITIES provides for the distribution of the net proceeds of a gambling enterprise. Half of the net proceeds of a gambling enterprise shall be paid to the Department of Revenue. Money received by the department shall be placed into the general fund. This money may be appropriated to the department for implementation of this chapter, except that one-half percent may be used for treatment and counseling of compulsive gamblers.

7
see
sec 6

Sec. 05.16.040 COOPERATION WITH MUNICIPALITIES requires the Department of Revenue to cooperate with municipalities in the regulation and administration of gambling within municipalities.

Sec. 05.16.050 REGULATIONS provides that the Department of Revenue may adopt regulations necessary to implement AS 05.16. Among the regulations which the department may adopt are regulations relating to issuance renewal, suspension, and revocation of licenses, financial records of gambling enterprises, investigations of licensees and their employees, exclusion of certain persons from a gambling enterprise, conduct of gambling, accounting procedures, license fees, amounts of wagers, disclosures of financial interests in gambling enterprises, rates of return, dispute resolution procedures, bonds, and reports by municipalities.

Sec. 05.16.060 ANNUAL REPORT requires the Department of Revenue to make a report to the Governor and the Legislature by March 1 of each year.

Sec. 05.16.900 DEFINITIONS defines "department", "gambling", and "gambling enterprise".

Section 3 of the bill amends the definition of gambling in the criminal code so that it does not include gambling conducted under a license issued to a gambling enterprise by a municipality.

Section 4 of the bill amends the definition of gambling enterprise in the criminal code so that it does not include a gambling enterprise licensed by a municipality.

Section 5 of the bill adds regulation of gambling to the list of limitations on powers of home rule municipalities under AS 29.10.200.

Section 6 of the bill amends AS 29.35 by adding new sections related to the regulation of gambling enterprises within municipalities.

Sec. 29.35.600 AUTHORIZATION authorizes a municipality to operate or license a person to operate a gambling enterprise within the municipality if the municipality adopts an ordinance regulating gambling enterprises, and the ordinance is ratified by a majority of the votes of the municipality or by more than a majority of the voters, and if the economy of the municipality depends substantially on tourism, the municipality has a history of gambling, and the gambling enterprise enhances the historic character of the municipality,

Sec. 29.35.610 REGULATION OF GAMBLING establishes the requirements for a municipality that regulates gambling.

The municipality must adopt an ordinance regulating gambling. The ordinance must establish a commission responsible for licensing and regulating gambling enterprises, establish qualifications for members of the commission, provide for issuance, renewal, suspension, and revocation of licenses for gambling enterprises, establish the terms and conditions under which gambling is permitted, provide for distribution of the proceeds of a gambling enterprise, require disclosure of persons having a financial interest in a gambling enterprise, and require detailed records.

Gambling within a municipality is limited to card and dice games and numbers wheels. The municipality may regulate the availability of alcoholic beverages at a gambling enterprise. Members and employees of the municipal gambling commission may not participate in or have a financial interest in a gambling enterprise.

A municipality that regulates gambling must submit a report each year to the Department of Revenue.

Sec. 29.35.620 PROCEEDS provides for the distribution of proceeds of gambling enterprise licensed by a municipality. Three and one-half percent of the gross proceeds of a gambling enterprise shall be paid to the Department of Revenue for deposit into the general fund. The municipality shall receive all of the proceeds of a municipally operated gambling enterprise less the 3½ percent paid to the Department of Revenue. The municipality shall receive that portion of the proceeds of a gambling enterprise licensed by the municipality and operated by someone other than the municipality, that the municipality and the licensee may agree upon, provided that 3½ percent of the gross receipts is paid to the Department of Revenue.

7
See
05.16.030

Sec. 29.35.630 REVENUE DERIVED FROM GAMBLING ENTERPRISES provides that a municipality may dedicate the revenue derived from a gambling enterprise to a public purpose.

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

Sec. 29.35.690 DEFINITION defines the terms "gambling" and "gambling enterprise".

Section 7 of the bill provides that the bill takes effect immediately.

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, RESOURCES COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



Senate

WHILE IN JUNEAU
PO. BOX V
JUNEAU, ALASKA 99811
CAPITOL, ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

MEMORANDUM

TO: Senator Al Adams, Chairman
Senate Community & Regional Affairs Committee

FROM: Senator Bettye Fahrenkamp

DATE: February 21, 1988

RE: SB 168 An Act authorizing gambling enterprises in municipalities and ferries; and providing for an effective date.

INTRODUCTION

Casino style gambling on a limited, historical basis would be allowed under SB 168. Municipalities with a history of gaming during the gold rush era, such as Fairbanks, Nome, and Skagway, would be eligible if their economies depend substantially on tourism. Local residents would have to vote to approve any gaming enterprises. Municipalities could require more than a simple majority vote. The bill also would allow gambling on state ferries.

Gaming enterprises can make a contribution to the prosperity of the state and municipalities in a time of declining and uncertain state revenue. Limited, historic gaming would enhance Alaska as a tourist destination and create jobs. We already allow gaming such as bingo, Monte Carlo nights, and pool classics.

Gaming under SB 168 is limited in the following ways:

- * A municipality must adopt an ordinance regulating gaming and have it ratified by a majority of voters within its boundary. The municipality may require more than a simple majority.
- * The municipality must have an economy substantially dependent on tourism.
- * Only cards, dice, and number wheels would be allowed, the kinds of games played at the turn of the century in Alaska. No slot machines would be allowed by this measure.
- * A gaming enterprise within a municipality must enhance the historic character of the municipality. No glitz and glitter, no chrome and glass.

* Gaming enterprises may not extend credit to their patrons. Large cash or credit transactions provide an opportunity for loan sharks and quick buck artists.

Municipalities may decide to run gaming operations themselves, or license the operation, and must pay three and one half percent of gross revenues to the Department of Revenue. Participating municipalities must form a commission to regulate gaming.

Gaming on ferries would also be allowed and revenue would be deposited in the general fund.

Gaming enterprises can be conducted honestly, free from criminal and corrupt persons and practices. I don't believe limited, historical gaming will result in the high roller style gaming found in Las Vegas and Atlantic City, but rather the type found in Dawson City.

In recognition that a small percentage of gamblers can become compulsive, one half of one percent of state income from gaming may be appropriated by the legislature for treatment and counseling.

SB168.TXT

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
Juneau, AK 99811
907-465-3712

Senate State Affairs Committee

April 3, 1989

Toni Eme
502 Jordt
Anchorage, AK 99504

Dear Toni:

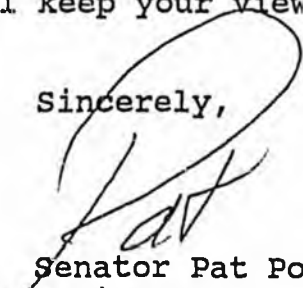
Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,


Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Mary Lou Redding
1319 Columbine Street
Anchorage, AK 99508

Dear Mary Lou:

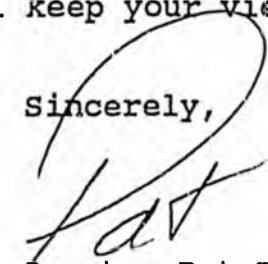
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I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,



Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99611

907-465-3712

Senate State Affairs Committee

April 3, 1989

William Wehlege
516 A
Anchorage, AK 99516

Dear William:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Jim Mosier
4333 San Ernesto
Anchorage, AK 99508

Dear Jim:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

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Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a circular stamp or mark.

Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Carol Ragsdale
1001 Boniface Parkway, #3N
Anchorage, AK 99504

Dear Carol:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Donald Kubiak
30-305G Cherrry Drive, Elmendorf
Anchorage, AK 99506

Dear Donald:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Michael Johnston
1233 U Street
Anchorage, AK 99501

Dear Michael:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

David Duggar
21-452 G Citrus Avenue, Elmendorf
Anchorage, AK 99506

Dear David:

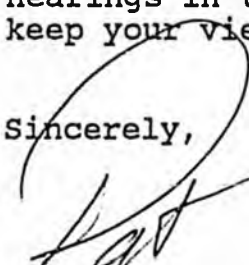
Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,



Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Ron DeVries
5801 Miley
Anchorage, AK 99504

Dear Ron:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3717

Senate State Affairs Committee

April 3, 1989

Terri Doan
1001 Boniface, #13-C
Anchorage, AK 99504

Dear Terri:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Adaline Wiley
1580 Russian Jack, #4-D
Anchorage, AK 99508

Dear Adaline:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Estrella Beedle
21472 A Citrus
Anchorage, AK 99506

Dear Estrella:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Sincerely,

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE



Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Keily

Sen. Rick Uehling

P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Andrew Peabody
5801 Miley Street
Anchorage, AK 99504

Dear Andrew:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

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Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Harold Charon
274 South Klevin, Apt. A
Anchorage, AK 99508

Dear Harold:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

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Sincerely,

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Michael Hankins
334 Fern Street
Anchorage, AK 99504

Dear Michael:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Cindy Spiker
222 B McCarrey
Anchorage, AK 99508

Dear Cindy:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Norma Mason
502 Jordt Circle
Anchorage, AK 99504

Dear Norma:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Judy Mosier
4333 San Ernesto
Anchorage, AK 99508

Dear Judy:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Clark Countryman
5801 Miley
Anchorage, AK 99504

Dear Clark:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Sincerely,

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Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Randy Scherer
21745A Fig Street, Elmendorf
Anchorage, AK 99506

Dear Randy:

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

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Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Cynthia Mountainflower
5901 East 6th, #118
Anchorage, AK 99504

Dear Cynthia:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Sincerely,

Senator Pat Pourchot
Chairman

PP/ss

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Rob Enders
943 Westbury
Anchorage, AK 99503

Dear Rob:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Sincerely,

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

SB168d

Sen. Pat Pourchot, Chairman

Sen. Jan Faiks, Vice Chairman

Sen. Al Adams

Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Debbie Krzysik
3410 Pussywillow
Anchorage, AK 99504

Dear Debbie:

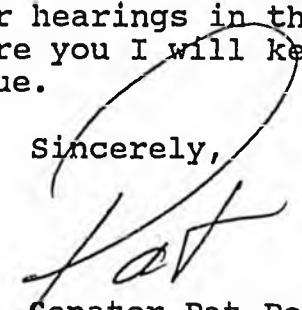
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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Tim Kelly

Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Joseph Barth
3830 James Drive
Anchorage, AK 99504

Dear Joseph:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Steve Stockdale
PO Box 142766
Anchorage, AK 99514

Dear Steve:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

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Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Chris Neal
5801 Miley
Anchorage, AK 99504

Dear Chris:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

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ALASKA STATE LEGISLATURE

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P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 8, 1989

Lois Clark
6650 Cimarron Circle
Anchorage, AK 99504

Dear Lois:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

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Senator Pat Pourchot
Chairman

PP/ss

ALASKA STATE LEGISLATURE

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Sen. Rick Uehling



P.O. Box V
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

William Wehlege
516 A
Anchorage, AK 99516

Dear William:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,

A handwritten signature in dark ink, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss



Alaska State Legislature
Senate Committee on
State Affairs
P.O. Box V
Juneau, Alaska 99811



RECEIVED APR 2 1989

*Saydra -
Please delete*

William Wehlege
516 A
Anchorage, AK 99516

NOT DELIVERABLE
AS PER [unclear]
RETURN TO [unclear]



NO SUCH # UNCLAIMED---UNKNOWN---
REFUSED---NO MAIL RECEPTACLE---
VACANT---ORDER EXPIRED---
INSUFFICIENT ADDRESS---
INITIAL *PW* RT #

194

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
Juneau, AK 99811

907-465-3712

Senate State Affairs Committee

April 3, 1989

Donald Kubiak
30-305G Cherrry Drive, Elmendorf
Anchorage, AK 99506

Dear Donald:

Thank you for contacting me to express your views on SB 168. This bill would expand the state's gambling laws to allow certain municipalities to authorize, by public vote, card, dice, and number wheel games. The bill would allow similar gaming on the state's ferry system.

SB 168 has been referred to the Senate State Affairs Committee, which I chair. While I do not support casino-type gambling, I do think that some limited forms of gambling, if properly structured and tightly regulated, are worth consideration as revenue raising tools.

Also under consideration by the State Affairs Committee is SB 146, which would authorize video gaming machines on the ferry system. Use would be limited to areas on the ferry from which minors are prohibited and the revenues generated by the machines would be used to help pay for operation of the ferries.

I think that public hearings on the gambling proposals are warranted and I intend to schedule SB 168, as well as other, more limited gambling proposals, for hearings in the State Affairs Committee. I assure you I will keep your views in mind as we deliberate this issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", written over a large, stylized flourish.

Senator Pat Pourchot
Chairman

PP/ss

Alaska State Legislature
Senate Committee on
State Affairs
P.O. Box V
Juneau, Alaska 99811



REASON CHECKED
Unclaimed Refused
Addresses unknown
Insufficient Address
No such street number
No such office in state
Do not re-mail in this envelope

Empty Spk
602

Donald Kubiak
30-305G Cherry Drive, Elmendorf
Anchorage, AK 99506

Department of Transportation & Public Facilities



POSITION PAPER

BILL NO: SB 168

APPROVED: *M. K. S. H. J.*

TITLE: Authorizing Gambling in
Certain Places

DATE: March 17, 1989

An Act authorizing gambling enterprises in municipalities and on state ferries; and providing for an effective date.

We have reviewed the legislation and offer the following comments:

05.16.010(c) - This section limits gambling equipment to "numbers wheels and card and dice games". We have done a preliminary analysis of placing gambling equipment on the mainline vessels. This was based upon the installation of electronic gambling devices, which would require a minimal number of additional crew members, if any, to maintain the machines. We suggest this section be amended to allow the placement of this type of equipment on board the vessels of the Marine Highway System.

05.16.020(b) - This section appears to limit the appropriation of gambling revenues only to defray the cost of operating gambling on board the vessels. We suggest language be added to make those revenues available to meet the overall operating expenses of the Marine Highway System.

With these modifications the department could rework the Fiscal Note to something which would probably show a positive cash flow. The department would then not oppose this Bill.

For further:

DOT/PT Fiscal Note and

at 465-3900

ANALYSIS OF SENATE BILL NO. 168

The analysis assumes three mainline vessels would each have one roulette wheel, one dice table and one card table. Each game would require two staff per week to run the game. The analysis also assumes these facilities would be located in the existing bar space, or other public area, eliminating the need to reduce staterooms. Does not include cost to modify vessel for the quarters for this additional crew. It further assumes that the pay scale for the dealers would be roughly equivalent to that of the bartender.

No attempt has been made to estimate the potential revenue from casino operations, although we will be working on developing such an estimate. Our primary thrust has been to review the possibility of placing electronic gaming devices on the vessels, it is from this source that the estimated capital cost is derived. It must be understood these are very preliminary estimates, which could change drastically once more information is known. In addition, the crewing levels and compensation are subject to collective bargaining agreements and are subject to change depending upon the outcome of negotiations.

2 crews each consisting of:

- 6 "dealers" @ \$48,500/year with benefits
- 2 "reliefs" @ \$48,500/year with benefits

8 crew x \$48,500/year x 2 crews/vessel x 2 vessel years of operation

* $8 \times \$48,500 \times 2 \times 2 = \$1,552,000$

* Vessel year

2 vessels operating 10 months/year = 20 months

1 vessel operating 4 months/year = 4 months

24 vessel months = 2
vessel years

Travel:

Travel costs depend upon crew change ports and the location of the specific crew members. Assuming approximately 756 "crew weeks" and that travel costs would only be incurred for 20% of those weeks the total cost would be approximately \$30,000.

Capital Cost:

Each ship at approximately \$90,000 x 3 = \$270,000

from Fbx N Star Borough Assembly

By: Paul Chizmar
Jeff Weltzin
Introduced: 04/13/89
Adopted: 04/13/89

RESOLUTION NO. 89-040

A RESOLUTION SUPPORTING SB 168 RELATING TO GAMBLING ENTERPRISES IN MUNICIPALITIES AND ON STATE FERRIES

WHEREAS, SB 168, relating to gambling enterprises in municipalities and on state ferries has been introduced in the Alaska State Legislature; and

WHEREAS, proceeds from historical gambling can offer a substantial contribution to the welfare and prosperity of the Fairbanks North Star Borough and an opportunity to offset declining revenue; and

WHEREAS, gambling will only be allowed:

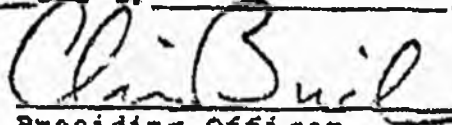
- (1) if a municipality adopts an ordinance permitting gambling enterprises in the municipality and the ordinance is ratified by a majority of the voters of the municipality;
- (2) the economy of the municipality depends substantially on tourism;
- (3) the municipality has a substantial history of gambling during the gold rush era of 1890-1910;
- (4) the gambling enterprise enhances the historic character of the municipality; and

WHEREAS, a local commission will be established to regulate gambling within a municipality, to address local concerns, and to issue, renew, or revoke licenses, thus exerting local control.

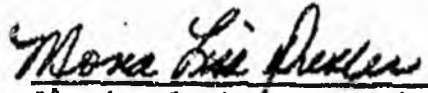
NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly feels that adequate safeguards for public protection will be provided for in the legislation, regulations to be adopted, and by the actions of the local gambling commission and therefore, supports the passage of SB 168.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Honorable Steve Cowper, Governor, State of Alaska, the Honorable Pat Pourchot, Chair, Senate State Affairs Committee, and all members of the Interior Delegation.

PASSED AND APPROVED THIS 13 DAY OF APRIL, 1989.


Presiding Officer

ATTEST:


Clerk of the Assembly

SB 168

ANCHORAGE
BAPTIST TEMPLE

Dr. Jerry Prevo, Pastor

RECEIVED APR 19 1989

April 15, 1989

Dear Senator Pourchot,

With the end of the legislative session drawing to a close, I know your work load is intensifying daily. The decisions you will have to make in the next three weeks are going to have a great effect on our State.

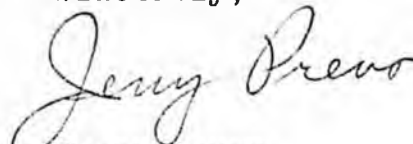
The economic crunch and the problems facing our State are forcing us to look at other forms of revenue, such as legalized gambling. The wake of 12th hour pressures from various sources may influence your decision. I realize time does not permit you to research this subject a great deal. However, we have considerable research on the gambling issue and I have included some of the facts we have found in our study. I hope this will be of value to you. The conclusions are best summarized in a statement from Arnold Wexler, Executive Director of the Council on Compulsive Gambling of New Jersey, Inc. He states that:

"Compulsive gambling has reached epidemic proportions in New Jersey. How many suicides, lost homes, lost jobs, broken families and millions of dollars of unpaid bills, phony insurance claims and other criminal acts will it take before we, in New Jersey, make a meaningful attempt to deal with a problem that is only exceeded by drunk driving and toxic waste? We can no longer afford to put our head in the sand and hope this problem will simply go away. The compulsive gambling problem has just started, and I'm afraid we are dealing with only the tip of the iceberg."

I sincerely hope you will call me if you would like more of our research.

Thank you for your valuable time on this issue.

Sincerely,


Jerry Prevo

FOR IMMEDIATE RELEASE
PLEASE CONTACT: ARNOLD WEXLER
(609) 599-3299

JUST OUT! - 1-800-GAMBLER HOTLINE STATISTICS FOR 1988

Arnold Wexler, Executive Director, of the Council on Compulsive Gambling of New Jersey, Inc. has just tallied the statistics on callers to the 1-800-GAMBLER crisis intervention hotline for the year 1988. Through this 24-hour, toll-free hotline, the Council is able to help compulsive gamblers and their families through counseling, information, and referral services. In turn, by asking callers a few simple questions, the Council is able to draw information on the impact and spread of this devastating illness. This information is then shared with the rest of the State and the nation through regular press releases. The following are the newest statistics, covering all of 1988:

- I. A direct comparison of 1988 to 1987 shows that the total volume of calls to the hotline has increased by 38%.
- II. Those who called the hotline in 1988 reported that they participated in the following types of gambling: (Figures add up to more than 100% because many callers mention more than one type of gambling)
- 52% CASINO GAMES
 - 26% HORSE RACING
 - 24% SPORTS BETTING
 - 19% LOTTERIES
 - 9% ILLEGAL LOTTERIES
 - 9% NON-CASINO CRAPS AND CARDS
 - 7% STOCKS AND COMMODITIES
 - 7% BINGO
- III. Among those who call the hotline for help with a gambling problem, the three most frequently stated occupational categories were:
- 12% Professionals
 - 22% Sales
 - 5% Gaming industry



NEWS RELEASE

The Council on Compulsive Gambling of New Jersey, Inc.

1315 Washington Street, Atlantic City, New Jersey 08401

IV. For the year 1988, the average age of the gambler who calls our hotline for help is 33 years old.

6% were under the age of 21,
27% were between the ages of 21 and 29,
30% were between the ages of 30 and 40,
22% were between the ages of 41 and 54, and
15% were over the age of 55.

V. For the year 1988, callers to the hotline have a family with an average of two children.

29% have children under the age of 10,
10% have children between the ages of 10 and 13,
17% have children between the ages of 14 and 19, and
44% have children over the age of 25.

VI. Of those who called for help during the 1988 year, 81% were male, and 19% were female.

In 1987, 87.2% were male, and 12.8% were female.
In 1986, 87% were male, and 13% were female.
In 1985, 85% were male and 15% were female.
In 1984, 73% were male and 27% were female.

From 1987, to 1988, the number of female compulsive gamblers who sought help, increased by 140%.

VII. Of all the calls received in 1988, 58% were from the gambler, and 42% were from some other person such as: spouse, child, or other family member, friend, professional, law enforcement official, or treatment center representative. These other people are seeking help for the gambler, or the gambler's family.

In 1987 we distributed 35,000 Newsletters. In 1988 that number increased to 41,000. In 1987, we distributed an additional 21,000 pieces of literature. In 1988, that number increased to 51,000.

Also from 1987 to 1988, the number of person attending Training Sessions and Educational Presentations jumped from 4,100, to 14,600.

As the calls to the hotline continue to increase, Wexler anticipates keeping a hand on the pulse that tracks the specific impact that compulsive gambling is having on the citizens of New Jersey. In this way, the Council can target its education, training, information, and referral services to areas where they are needed most. We must all work together to help the individuals and families who suffer with this devastating "hidden" illness, and to let them know that there is help. By releasing these statistics to the public, Wexler said he hopes to better educate all people about this prevalent, yet "hidden" illness.

March 15, 1989

Dear Senators and Assembly Members:

Thank you for allowing me to speak before this committee to address the effects that compulsive gambling has had on the state of New Jersey.

I am sure you are aware New Jersey has more legalized gambling than any other state in the Nation. Eight percent of our total state budget is derived from gambling revenues. Today there are more than 400,000 active compulsive gamblers in New Jersey, affecting 350,000 spouses and 700,000 children. Thirty-percent of all compulsive gamblers also are afflicted with other addictions, such as alcoholism or drug dependency.

The State of New Jersey presently appropriates only \$274,000 a year for compulsive gambling, yet there are states such as Iowa, which appropriates \$980,000 which is a ninety percent increase over last year, and Massachusetts which receives \$600,000 per year. In last year's budget, the Council on Compulsive Gambling of New Jersey, received \$195,000 from general revenue, and \$89,000 from a supplemental appropriation. Since our current operating budget is \$325,000, we are now at a deficit.

The Council, which is the primary advocate in New Jersey for helping compulsive gamblers and their families through education, public information, treatment, referral and training, has experienced catastrophic rises in expenses due to the meteoric increase in requests for help particularly on our 24-hour (1-800-GAMBLER) hotline.

The Council on Compulsive Gambling of New Jersey has announced the creation of an independent certification board to certify compulsive gambling counselors. This will provide highly trained and skilled professionals to better meet the treatment requirements of those suffering from the disease of compulsive gambling.

Compulsive gambling is a cancer eating away at the infrastructure of New Jersey. As with most cancers, early detection and intervention can help to stop the spread of the disease. If massive help does not come soon to fight

The Council on Compulsive Gambling of New Jersey, Inc.

1315 West State Street • Trenton, New Jersey 08618
609-599-3288



NEWS RELEASE

compulsive gambling, we, who are here now, will someday ask or be asked "how did we let this catastrophe happen?" Ask our bankruptcy judges, probation officers, insurance claim adjusters, or policemen about what compulsive gambling is doing to New Jersey. A large amount of embezzlement and white-collar crimes are related to compulsive gambling.

The Council on Compulsive Gambling of New Jersey needs to have an increase in personnel, in order to provide all the essential services needed for reaching all the compulsive gamblers suffering from this devastating illness. At the Council office we are dealing with people's lives. The attempted suicide rate of the compulsive gambler is 200 times higher than the national average, and the spouse's attempted suicide is 150 times higher than the national average, (no one has put a figure on the attempted suicide rate among children of compulsive gamblers). At present, we do not have enough personnel to handle the rapidly increasing workload. For the same reasons, we need at least one more computer and printer.

Our mailing list and membership list has quadrupled from last year, and I feel they will at least double again this year. In order to maintain and increase our mailings we will need more man hours on the computer and more personnel to input this valuable information.

Our telephone bill has again doubled this year and we expect it should double again next year. The biggest problem with the phones is we only have one line coming into our 24 hour (1-800-GAMBLER) hotline. This means that while one person is receiving counseling and or referral, another person can not get through. We need to add at least two more lines to this life-saving hotline so everyone making that first step towards getting help, gets help!

Our insurance rates have been steadily increasing. I don't think I have to tell you about insurance costs in New Jersey.

We need to reach those suffering from compulsive gambling and their families with intensive outreach programs to include public awareness and training. We know that each compulsive gambler affects a minimum of 4 to 12 people. Twenty percent of all people calling our hotline are women, twenty-percent are under the age of 25, and fifteen percent are over 55. We believe that most people living in New Jersey don't even know that they can get some help for their compulsive gambling problem and we need to carry that message throughout the State.

Compulsive gambling has reached epidemic proportions in New Jersey. How many suicides, lost homes, lost jobs, broken families and millions of dollars of unpaid bills, phony insurance claims and other criminal acts will it take before we, in New Jersey make a meaningful attempt to deal with a problem that is only exceeded by drunk driving and toxic waste? We can no longer afford to put our head in the sand and hope this problem will simply go away. In contrast the compulsive gambling problem has just started, and I'm afraid we are dealing with only the tip of the iceberg. Helping the compulsive gambler lead a normal healthy and productive life is a responsibility we must all share.

The budget for this year allocates \$185,000 for The Council on Compulsive Gambling and \$75,000 for JFK Medical Center. We are asking for a supplemental appropriation for an additional \$140,000 for The Council on Compulsive Gambling.

Sincerely,

Arnold Wexler
Executive Director

AW:wlr



Alaska State Legislature

Please enter into the record my testimony to the State Affairs
committee name

committee on SB 168 , dated 4/17/89
bill/subject

I support this bill. Specifically, I would like to see historic gambling at Alastaland and at The Malemute Saloon. We need to do everything possible to attract more people to Alastaland. Would it be possible to dedicate a percentage of the revenue to support the arts? I know this has been done in other areas.

Signed: Mary M. Hamilton
Testifier

Representing (Optional)
303 Badger St. Fairbanks AK 99701
Address

456-7154
Phone No.

RECEIVED MAY 1 1989



Introduced by: City Manager
Date: April 24, 1989

RESOLUTION NO. 3072

A RESOLUTION URGING THE GOVERNOR AND THE 16th ALASKA STATE LEGISLATURE TO SUPPORT SB 168 AUTHORIZING HISTORIC GAMBLING IN MUNICIPALITIES.

WHEREAS, the economy of the City of Fairbanks depends greatly upon tourism and its related activities; and

WHEREAS, Fairbanks has a substantial history of gambling during the Gold Rush era of 1890 to 1910; and

WHEREAS, a municipally sponsored gambling enterprise will enhance the historic character of Fairbanks, promote tourism, and generate tourism revenue for the citizens of Fairbanks.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, that:

Section 1, the City Council supports and urges the support of SB 168 by the Governor and the 16th Alaska State Legislature, and

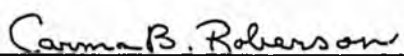
Section 2, a copy of this resolution be forwarded to the Governor and the 16th Alaska State Legislature.

PASSED and APPROVED this 20th day of April, 1989.



J.P. NORDALE, Mayor

ATTEST:



CARMA ROBERSON, City Clerk

CITY OF FAIRBANKS
410 Cushman Street
Fairbanks, Alaska 99701-4683

★ Fairbanks North Star Borough

Assembly

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907/452-4761

RECEIVED APR 28 1989

April 19, 1989


Honorable Pat Pourchot, Chair
Senate State Affairs Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

Enclosed is a copy of Resolution no. 89-040 adopted by the Fairbanks North Star Borough Assembly at the Regular Meeting of April 13, 1989.

The Assembly feels that adequate safeguards for public protection will be provided for the legislation, regulations to be adopted by the actions of the local gambling commission therefore, supports passage of SB 168.

Thank you for your consideration.

Sincerely,


Christopher J. Birch
Presiding Officer

By: Paul Chizmar
Jeff Weltzin
Introduced: 04/13/89
Adopted: 04/13/89

RESOLUTION NO. 89-040

A RESOLUTION SUPPORTING SB 168 RELATING TO GAMBLING
ENTERPRISES IN MUNICIPALITIES AND ON STATE FERRIES

WHEREAS, SB 168, relating to gambling enterprises in municipalities and on state ferries has been introduced in the Alaska State Legislature; and

WHEREAS, proceeds from historical gambling can offer a substantial contribution to the welfare and prosperity of the Fairbanks North Star Borough and an opportunity to offset declining revenue; and

WHEREAS, gambling will only be allowed:

- (1) if a municipality adopts an ordinance permitting gambling enterprises in the municipality and the ordinance is ratified by a majority of the voters of the municipality;
- (2) the economy of the municipality depends substantially on tourism;
- (3) the municipality has a substantial history of gambling during the gold rush era of 1890-1910;
- (4) the gambling enterprise enhances the historic character of the municipality; and

WHEREAS, a local commission will be established to regulate gambling within a municipality, to address local concerns, and to issue, renew, or revoke licenses, thus exerting local control.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly feels that adequate safeguards for public protection will be provided for in the legislation, regulations to be adopted, and by the actions of the local gambling commission and therefore, supports the passage of SB 168.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SB 168 STATE AFFAIRS
PUBLISH DATE: 4/22/89

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
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: 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
PUBLISH DATE: 4/24/89**

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
CONTRACTUAL	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
---------	---	---	---	---	---	---

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: (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)

168POOP.TXT
4/21/89

SB 168 AUTHORIZING GAMBLING ENTERPRISES IN MUNICIPALITIES

TO TESTIFY

SEN. FAHRENKAMP, SPONSOR (TOM MOYER)

LINDA WILD, DEPT. COMMERCE WILL BE PRESENT + *Steve Kettle, Revenue*
SOME PEOPLE ARE ON TELECONFERENCE FROM ANCHORAGE/FAIRBANKS
Jan Wrentmore (support) - here in Juneau

F.Y.I.

C.S. PREPARED AT SPONSOR'S REQUEST:

ELIMINATE PROVISIONS REGARDING STATE FERRY (TITLE CHANGE,
AND PAGE 2, LINE 18)

ALLOW THERAPY FUNDS TO ALSO BE USED FOR PROGRAMS DESIGNED TO
PREVENT PERSONS FROM BECOMING COMPULSIVE GAMBLERS (PAGE 2,
LINES 26-27)

AUTHORIZE DEPT. TO ESTABLISH BY REGULATION PROCEDURES UNDER
WHICH THE STATE COULD AUDIT MUNICIPAL GAMBLING ENTERPRISES
(PAGE 3, LINES 8-10)

TRANSFER STATE RESPONSIBILITY FROM DEPT. REVENUE TO DEPT.
COMMERCE (PAGE 3, LINES 19-20)

WE'VE REQUESTED A FISCAL NOTE FROM COMMERCE. NOT YET READY -- WE
CAN PASS THE BILL OUT AND ATTACH THE C.S. FISCAL NOTE LATER.

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

EXECUTIVE ORDER NO. 74

1
2 Under the authority of art. III, sec. 23, of the Alaska Constitution,
3 and in accordance with AS 24.08.210, I order the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (B) playing an amusement device that

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

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

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

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

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

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

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

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

**BILL VERSION: EXECUTIVE ORDER 74
PUBLISH DATE: HOUSE 1/9/89**

37

FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

Prepared by: Jennifer Strickler, Admin. Officer
 Division: Occupational Licensing

465-2144
 Phone: _____
 Date: December 22, 1988

Approved by Commissioner: Larry Merculieff, Commissioner
 Agency: Dept. of Commerce & Economic Development

Date: 12/22/88

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

38

FISCAL NOTE

REQUEST: _____

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See Attached.

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

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

Distribution (by preparer):

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

Prepared By: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
December 22, 1988

FISCAL NOTE ANALYSIS
TRANSFER OF CHARITABLE GAMING PROGRAM

The Charitable Gaming Program will transfer from the Department of Revenue to the Department of Commerce and Economic Development on July 1, 1989. The Gaming Program operates more as a regulatory section than a revenue agency. This transfer will enhance the efficiency of state government through consolidation in a department that already performs other similar regulatory functions. This transfer will allow the Department of Revenue to focus attention and resources on its primary responsibility of collection revenue due to state government.

This bill is necessary to amend the statutes which specify the department responsible for implementing AS 04.15.

The Department of Revenue will transfer the necessary resources; including seven positions, associated travel, contractual, and supply monies to enable the Department of Commerce and Economic Development to carry out the responsibilities of the program. Refer to Income and Excise Audit Division's FY 90 Budget Amendment for details.

FISCAL NOTE

REQUEST:

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

Prepared by: Jennifer Strickler, Admin. Officer
 Division: Occupational Licensing

465-2144
 Phone: _____
 Date: December 22, 1988

Approved by Commissioner: Larry Merculieff, Commissioner
 Agency: Dept. of Commerce & Economic Development

Date: 12/22/88

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

FISCAL NOTE

REQUEST: _____

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See Attached.

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

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

Distribution (by preparer):

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

Prepared By: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
December 22, 1988

FISCAL NOTE ANALYSIS
TRANSFER OF CHARITABLE GAMING PROGRAM

The Charitable Gaming Program will transfer from the Department of Revenue to the Department of Commerce and Economic Development on July 1, 1989. The Gaming Program operates more as a regulatory section than a revenue agency. This transfer will enhance the efficiency of state government through consolidation in a department that already performs other similar regulatory functions. This transfer will allow the Department of Revenue to focus attention and resources on its primary responsibility of collection revenue due to state government.

This bill is necessary to amend the statutes which specify the department responsible for implementing AS 04.15.

The Department of Revenue will transfer the necessary resources; including seven positions, associated travel, contractual, and supply monies to enable the Department of Commerce and Economic Development to carry out the responsibilities of the program. Refer to Income and Excise Audit Division's FY 90 Budget Amendment for details.

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						
TOTAL OPERATING		1,530.0	1,530.0	1,530.0	1,561.0	1,592.0
CAPITAL		270.0				
REVENUE		*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,800.0	1,530.0	1,530.0	1,561.0	1,592.0
FEDERAL FUNDS						
OTHER						
TOTAL		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: 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
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

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* Phone: (907) 465-2320
Division: Income and Excise Audit 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.



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						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

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)

Carol Carroll
 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)

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 168 (SA)
PUBLISH DATE: _____

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	<u>27,736</u>
Subtotal	\$89,236

TRAVEL

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

CONTRACTUAL

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

SUPPLIES	\$ 3,000
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EQUIPMENT (one time costs)	\$10,000
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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.

1 IN THE SENATE

BY POURCHOT BY REQUEST

2

SENATE BILL NO. 263

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to video gaming devices and their
7 distributors, classifying video gaming devices as
8 coin-operated devices for purposes of regulation and
9 taxation, and exempting them from the definition of
10 gambling devices; to taxes imposed on and regulation
11 of coin-operated devices; and providing for an effec-
12 tive date."

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

14 * Section 1. AS 11.66.280(2) is amended to read:

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

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

26 (B) playing an amusement device that

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

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

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

6 (D) a video gaming device authorized under AS 43.35;

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

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

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

15 (B) an amusement device as described in (2)(B) of this
16 section; or

17 (C) a video gaming device authorized under AS 43.35;

18 * Sec. 3. AS 43.35 is amended by adding a new section to read:

19 Sec. 43.35.015. TAX ON VIDEO GAMING DEVICE. (a) In addition to
20 the tax payable under AS 43.35.010, the holder of a video gaming
21 device license shall, not later than 15 days after the end of the
22 calendar quarter,

23 (1) pay to the department 25 percent of the net machine
24 income earned in the previous calendar quarter from a video gaming
25 device; and

26 (2) file a statement with the department showing the total
27 net income earned in the previous calendar quarter from video gaming
28 devices authorized under this section, and the amount due the depart-
29 ment based on net income.

1 (b) A person who fails to pay fees or file a statement as re-
2 quired under (a) of this section is subject to a civil penalty of not
3 more than \$1,000 for each violation. Each day a person fails to
4 comply constitutes a separate violation. The civil penalty may be
5 imposed by the department in an administrative proceeding or by a
6 court.

7 (c) In this section "net machine income" means money received
8 from a video gaming device less money paid out in cash for credits
9 earned from the video gaming device.

10 * Sec. 4. AS 43.35.030 is amended by adding a new subsection to read:

11 (b) The provisions of (a) of this section do not apply to a
12 person who is licensed as a distributor of video games under AS 43.-
13 35.200.

14 * Sec. 5. AS 43.35.050 is repealed and reenacted to read:

15 Sec. 43.35.050. DISTRIBUTION OF TAX. (a) Except as provided in
16 (b) of this section, subject to an appropriation made for the purpose,
17 the department shall pay one-half of the proceeds of the gross reve-
18 nues from the tax provided by this chapter to municipalities in the
19 proportion that the revenue was earned within them. The balance shall
20 be retained by the state and deposited in the general fund.

21 (b) The amount of gross revenue shared with municipalities under
22 (a) of this section does not include

23 (1) revenue from fees paid for distributor's licenses and
24 permits; *under 43.35.030 + 43,35,200*

25 (2) revenue from penalties;

26 (3) revenue attributable by the department to expenses
27 incurred in the collection of the tax; and

28 (4) revenue from the tax on video gaming devices under
29 AS 43.35.015(a). *+ 43,35,010(a)*

1 * Sec. 6. AS 43.35.090(3) is amended to read:

2 (3) "coin-operated device class 3" means

3 (A) a slot machine or other apparatus or device that
4 [WHICH] operates by means of insertion of a coin, token, or
5 similar object and that [WHICH], by strict dependence upon the
6 element of chance, may deliver or may entitle the person playing
7 or operating the machine to receive cash, premiums, merchandise,
8 or tokens; the term includes a device or apparatus that is other-
9 wise a coin-operated device class 2 [A DEVICE OR APPARATUS OTHER-
10 WISE FALLING WITHIN THE CLASSIFICATION OF (2) OF THIS SECTION,
11 THOUGH NOT STRICTLY DEPENDENT UPON THE ELEMENT OF CHANCE, IS
12 TAXED ACCORDING TO THE RATE APPLICABLE TO SLOT MACHINES] if the
13 device or apparatus itself delivers cash directly to the person
14 playing or operating it; and

15 (B) a video gaming device;

16 * Sec. 7. AS 43.35.090 is amended by adding a new paragraph to read:

17 (5) "video gaming device" means an electronic machine that
18 uses a video screen or display and microprocessors to play or simulate
19 the play of the game of draw poker or of the game of keno, and that
20 upon insertion of money allows a user by skill or chance to receive
21 free games or credits that may be redeemed for cash, but does not
22 include a machine that directly deposits money to the user.

23 * Sec. 8. AS 43.35 is amended by adding new sections to read:

24 ARTICLE 3. VIDEO GAMING DEVICES.

25 Sec. 43.35.200. DISTRIBUTOR OF VIDEO GAMING DEVICES TO BE LI-
26 CENSED. (a) A person who distributes video gaming devices may not
27 distribute a video gaming device in this state without a valid video
28 gaming distributor's license issued by the department. To remain
29 valid, a license must be renewed annually on or before a date set by

1 the department.

2 (b) An applicant for a license or renewal of a license shall pay
3 an annual fee of \$500.

4 (c) The department shall refuse to issue a license to a person
5 who distributes video gaming devices if the person has not been a
6 resident of the state for one year immediately preceding the person's
7 application or reapplication for a license.

8 (d) The department

9 (1) shall refuse to issue a license to a person who dis-
10 tributes video gaming devices, or shall suspend or revoke a license,
11 if the person

12 (A) has been convicted of a felony;

13 (B) has been convicted of a violation of AS 11.66.-
14 200 - 11.66.280 or another law or ordinance with substantially
15 similar elements;

16 (2) may refuse to issue a license to a person who distrib-
17 utes video gaming devices, or may suspend or revoke a license if the
18 person fails to comply with a provision of this chapter or of a regu-
19 lation adopted under it;

20 (3) may require an applicant for a license or renewal of a
21 license and, if the applicant is a corporation, each shareholder and
22 employee of the corporation, to file an affidavit that the distributor

23 (A) is a citizen of the United States;

24 (B) has been a bona fide resident of the state for at
25 least one year; and

26 (C) has never been convicted of a crime identified in
27 (1) of this subsection.

28 (e) A person who is denied a license under (d) of this section,
29 or whose license is suspended or revoked under (d) of this section,

1 has the right to a hearing on the department's decision and may appeal
2 the denial, suspension, or revocation to the superior court.

3 (f) In this section "license" means a video gaming distributor's
4 license.

5 Sec. 43.35.210. INSTALLATION OF VIDEO GAMING DEVICES. A person
6 licensed under AS 43.35.200 may install video gaming devices only in
7 premises that sell alcoholic beverages and that hold under AS 04.11:

8 (1) a beverage dispensary license under AS 04.11.090;

9 (2) a duplicate beverage dispensary license for additional
10 rooms under AS 04.11.090(e);

11 (3) a club license under AS 04.11.110;

12 (4) a common carrier dispensary license under AS 04.11.180;

13 or

14 (5) a pub license under AS 04.11.220.

15 * Sec. 9. This Act takes effect July 1, 1989.

Sen. Pourchot
April 13, 1989

SECTIONAL ANALYSIS
SB 263, RELATING TO VIDEO GAMING DEVICES

Sec 1-2 Exempt video gaming, as authorized in SB 263, from criminal code

THE FOLLOWING PROVISIONS ARE AMENDMENTS TO AS 43.35, "COIN OPERATED DEVICES", IN THE DEPARTMENT OF REVENUE. THEY WOULD APPLY ONLY TO VIDEO GAMING DEVICES:

- Sec 3 Tax is 25% of net income, paid quarterly to Dept. Revenue
Civil penalty of \$1000/day for failure to pay
Define "net income" as money paid into device less money paid out in cash for credits
- Sec 4 Current coin-operated device license doesn't apply
- Sec 5 Requirement that revenues from coin-operated devices be shared with municipalities doesn't apply
- Sec 6 Amends definition of "coin-operated device class 3" to include video gaming devices
- Sec 7 Defines "video gaming device" as draw poker or keno
Devices can't pay money directly to the winner
- Sec 8 Distributor of video device must be licensed:
Annual fee \$500, 1-year resident, no felony or gambling convictions, U.S citizen (all of these requirements except the fee apply currently to distributors of coin-operated devices)

Distributor can install machines only on certain premises licensed by the ABC Board -- bar, club, pub, common carrier

THE FOLLOWING PROVISIONS OF THE EXISTING COIN-OPERATED DEVICE LAW WOULD APPLY TO VIDEO DEVICES ALSO:

Annual fee per device \$240, to be paid by distributor
Must be age 18 to play
Department may adopt regulations

THE FOLLOWING PROVISIONS OF THE EXISTING CRIMINAL CODE WOULD APPLY TO UNLAWFUL USES OF VIDEO DEVICES:

Class C felony (maximum \$50,000 fine, 5-year sentence) for promoting gambling in the first degree or possession of gambling records in the first degree; Class A misdemeanor (maximum \$5,000 fine, 1-year sentence) for promoting in second degree, possessing records in second degree, or possessing a gambling device; Class B misdemeanor (maximum \$1,000 fine, 90-day sentence) for engaging in unlawful gambling

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An act relating to video gaming devices
Sponsor: By Pourchot by request
Requestor: _____

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	310.4	310.4	310.4	310.4	310.4	310.4
TRAVEL	9.0	9.0	9.0	9.0	9.0	9.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	56.0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	8.0	0	0	0	0	0
TOTAL OPERATING	388.4	324.4	324.4	324.4	324.4	324.4
CAPITAL	0	0	0	0	0	0
REVENUE	12000.	15000.	15000.	15000.	15000.	15000.

FUNDING: (Thousands of Dollars)

GENERAL FUND	388.4	324.4	324.4	324.4	324.4	324.4
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	388.4	324.4	324.4	324.4	324.4	324.4

POSITIONS:

FULL-TIME	7	7	7	7	7	7
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
 Division: Income and Excise Audit Date: April 13, 1989
 Approved by Commissioner: Hugh Malone *Hugh Malone* Date: 4/14/89
 Agency: Department of Revenue

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

OPERATING

Personal Service Costs

<u>Location</u>	<u>Position</u>	<u>Range/Step</u>	<u>Annual Salary and Benefits</u>
Juneau	Revenue Audit Supvr I	22A	\$65.3
Juneau	Revenue Auditor II	14A	\$39.8
Juneau	Tax Examiner II	12A	\$35.7
Juneau	Investigator I	14A	\$39.8
Juneau	Clerk Typist II	7A	\$28.0
Anchorage	Revenue Auditor III	18A	\$50.9
Anchorage	Investigator III	18A	<u>\$50.9</u>
TOTAL PERSONAL SERVICE			\$310.4

Travel Costs

Perform inspections, audits, investigations, regulation hearings \$9.0

Supplies

Miscellaneous office supplies-forms, returns, applications and information packets \$1.0
 +\$4.0

TOTAL SUPPLIES \$5.0

FY '90*

Equipment

7 each Office furnishings and files (chair, module, S drawer file) \$3.5 X 7 \$24.5

7 each Wang P/C system \$3.5 X 7 \$24.5

1 each Wang printer \$7.0 X 1 +\$7.0

TOTAL EQUIPMENT \$56.0

Training

Audit Supervisor, Investigator III, Auditor III travel and training +\$8.0

TOTAL OPERATING \$388.4

*This represents a one-time expenditure

REVENUE PROJECTION

This projection is based on the assumption that only 5 video gaming devices would be licensed in each premise. Under AS 43.35.210, 935 premises could be licensed. The State of Montana implemented "Video Draw Police Machine Law of 1985", "23-5-601", which was enacted in 1987. This revenue projection is based on an assumed annual gross profit per device of \$9300, which is Montana's gross profit per device. Montana currently has 7500 devices licensed and collected tax of \$10,500,000 in their first year of the law's enactment. Montana's tax rate is 15%; this bill provides for a tax rate of 25%.

Tax Revenue

Licensed premises (each)	935	
Total devices per premise	<u>x5</u>	
Total gaming devices (each)	4,675	
Projected gross profits per machine	<u>x\$9,300</u>	
Total gross profits (tax base)		\$43,477,500
Tax rate		<u>x25%</u>
TAX REVENUE		\$10,869,375

Licensing Revenue

12 month premises (each)	847	
Devices per premise	<u>x5</u>	
Full year devices	4,235	
License rate	<u>x\$240</u>	
12 MONTH LICENSING REVENUE		\$ 1,016,400
6 month premise (each)	88	
Device per premise	<u>x5</u>	
1/2 year devices	440	
License rate	<u>x\$120</u>	
6 MONTH LICENSING REVENUE		\$ 52,800

Distributor Licenses

Projected distributors (each)	15	
License fee	<u>x500</u>	
Distributor license revenue		+ \$7,500
TOTAL LICENSING REVENUE		<u>+\$1,076,700</u>

TOTAL REVENUE		<u>\$12,000,000</u>
---------------	--	---------------------

SECTIONAL ANALYSIS

This bill would classify video gaming devices as coin-operated devices and exempt them from being considered gambling devices. It provides for regulation and taxation of these devices, as well as licensing of the devices and distributors. Administration would be under the Income and Excise Audit Division of the Department of Revenue.

Section #1

Amends AS 11.66.280(2) to exempt gambling authorized under this bill (AS 43.35).

Section #3

Provides for a tax of 25% of the "net machine income" to be paid on a quarterly basis to the state.

This section also defines "net machine income" as money received by the devices less money paid out, and provides for a \$1,000.00 a day penalty for a person who fails to pay fees or file a quarterly return.

Section #4

Amends AS 43.35.030 by adding a section to license a distributor of video games.

Section #5

Repeals AS 43.35.050 and reenacts the distribution of the taxes collected. One-half of the proceeds of the licensing fees shall be paid (by an appropriation) to the municipalities that the fees were earned within. The balance of fees and all taxes shall be retained by the state and deposited into the general fund.

Section #6

Amends AS 43.35.090(3) to provide for video gaming devires. to be licensed as a class 3 coin operated device.

Section #7

Amends AS 43.35.090 to define a "video-gaming device".

Section #8

Amends by adding a new section to AS 43.35 to provide for the annual licensing for a video gaming distributor. The annual fee will be \$500.00. This section also provides language for issuance and denials of video gaming license based on specific qualifications of the applicant.

This section also provides for the installation of video gaming devices under AS 43.35.200 only in premises licensed under AS 04.11:

1. a beverage dispensary license under AS 04.11.090;
2. a duplicate beverage dispensary license for additional rooms under AS 04.11.090(e);
3. a club license under AS 04.11.110;
4. a common carrier dispensary license under AS 04.11.180; or
5. a pub license under AS 04.11.220.

Section #9

Provides for the bill to be effective July 1, 1989.

DEPARTMENT'S POSITION

The department has no position regarding the issue of allowing video gaming devices to be legalized in the state, however, the department would have several recommendations regarding administration language that could be added to the bill.

Sen. Pourchot
April 13, 1989

COMPARISON OF VARIOUS GAMING LAWS

	<u>FEEES</u>	<u>TAX</u>	<u>USE OF FUNDS</u>
<u>SB 263</u>	\$240/device \$500/distributor	25% net income	state GF
<u>MONTANA VIDEO</u>	\$100/device/state \$100/device/local \$1000/distributor \$1000/manufacturer	15% net income	1/3 to state GF 2/3 to local govt
<u>NEVADA VIDEO</u>	\$250/device	If fewer than 15 machines: \$180 each for first 5, \$360 each additional If more than 15 machines: \$80 each plus 3% first \$50,000 gross revenues, 4% next \$85,000, 6% any additional	state GF
<u>ALASKA PULLTABS</u>	\$1000/distributor \$500/manufacturer	3% gross receipts less prizes	state GF
<u>ALASKA COIN-OP DEVICES</u>	\$240/device \$50/distributor	none	device fee 50% state GF, 50% local; distrib- utor fee state GF

Sen. Pourchot
April 12, 1989

VIDEO GAMING IN MONTANA

THE LAW

Authorizes persons licensed to sell alcoholic beverages for consumption on the premises to install video draw poker machines. Maximum 5 machines per establishment.

Authorizes any establishment that sells food to install video keno/bingo machines. Maximum 15 machines per establishment.

Establishes annual license fee of \$100 for each video machine, payable by the holder of the liquor license. License fees are maintained by the department to pay operational costs.

Authorizes local governments to also license each machine. Maximum license fee \$100/machine.

Requires that 15% of net machine income be paid to the state quarterly; one-third of this is deposited in the general fund and two-thirds is paid to the city or county in which the machine is located. Defines net machine income as money put into a video machine minus credits paid out in cash. (Per regulation, penalty for late payment is 10-100% of the tax due depending on how overdue it is.)

Requires manufacturers and distributors to obtain a license; annual fee \$1,000 plus processing costs. License fees are maintained by the department to pay operational costs.

Provides for the department to examine and approve new types of machines before they can be used in the state. The manufacturer/distributor pays for the exam. (Per regulation, distributor is charged \$25/hour for the exam.)

Contains extensive machine specifications, including:

Cannot actually pay out coins, cash, or tokens.

No switches, posts, or other means of manipulation that could affect the outcome of a game.

Accept quarters only.

Maximum \$2 bid on any game.

Maximum \$100 win per game.

Print a ticket voucher for the player at the completion of each game and retain within the machine a printed copy of each ticket voucher.

Print weekly audit ticket. (Per regulation, licensee must keep these records for 3 years.)

Have nonresettable mechanical meters that keep a permanent record of all coins played and credits paid.

Payback of at least 80%, monitored electronically.

(Regulations contain additional, more detailed specifications.)

Authorizes the department to make investigations, suspend and revoke licenses, seize machines, and conduct background checks of license applicants. Declares a violation of the law a criminal offense with a maximum fine of \$10,000 for the first violation and \$15,000 for subsequent violations.

BRIEF HISTORY

Video poker was authorized in 1985. The annual license fee per machine was \$1,500; there was no net income tax. In 1987 video keno and bingo were authorized. The annual license fee was reduced to \$100 and the 15% net income tax was established.

The law is administered by the Video Gaming Control Bureau. They began with a staff of 2 in 1985, and currently have a staff of 10. Two of these staff conduct the exams of the new machines. In addition, the Bureau receives enforcement assistance from 6 persons in the Department of Revenue. The Bureau was established in the Department of Revenue, but has since been transferred to the Department of Commerce.

Montana also has a state lottery (regulated by a special commission), pari-mutual betting (regulated by the Board of Horse Racing), and raffles, sports pools, and live poker, keno, and bingo (regulated by local governments).

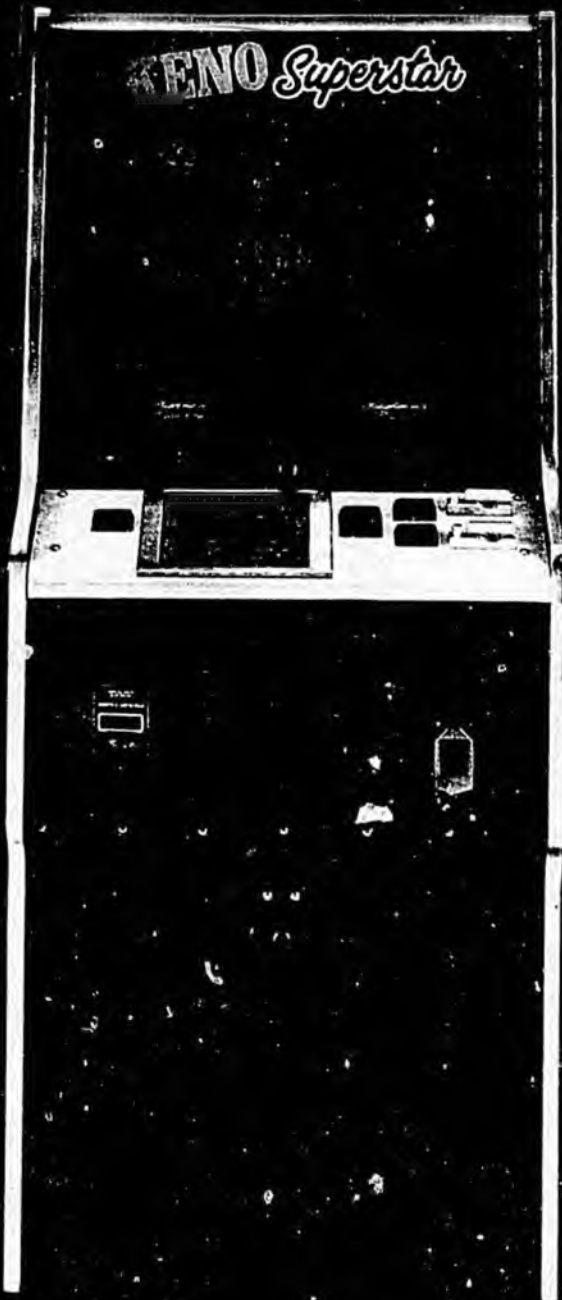
Recommendations of a 1988 Task Force that are being pursued by the Montana legislature include creation of a state gaming commission to regulate all gambling activity in the state, replacement of the current restrictions on number of video machines per establishment with a blanket 20 machine limitation, increase of the maximum payout from \$100 to \$800, authorization of nickle and dime machines, and earmarking of some fees for therapy for habitual gamblers.

LICENSE STATISTICS -- FY 88

Licensed machines:	Poker	4,564	
	Keno	3,786	
	<u>Bingo</u>	<u>112</u>	
	Total	8,462	(9437 so far '89)
Net income:	Poker	49,996,245	
(Average \$8,315 per	Keno	20,186,441	
machine)	<u>Bingo</u>	<u>181,011</u>	
	Total	\$70,363,697	
	STATE SHARE (15%)	\$10,554,555	
	(IF 25%)	17,590,924)	

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- (2) "department" means the Department of Revenue;
- (3) "executor" means the executor, administrator or curator of the decedent, or if there is no executor, administrator or curator appointed qualified and acting, then any person who is in the actual or constructive possession of any property included in the gross estate of the decedent;
- (4) "gross estate" means the gross estate as determined under the provisions of the applicable federal revenue Act;
- (5) "net estate" means the net estate as determined under the provisions of the applicable federal revenue Act;
- (6) "nonresident" means a natural person domiciled outside the state;
- (7) "person" means persons, corporations, associations, joint stock companies and business trusts;
- (8) "real property" means real property as it is commonly understood and includes real property whose legal title is in the decedent but which is subject to a contract of sale to a third party;
- (9) "resident" means a natural person domiciled in the state;
- (10) "tangible personal property" means corporeal personal property, including money; and the term "intangible personal property" means incorporeal personal property including deposits in banks, negotiable instruments, mortgages, debts, receivables, shares of stock, bonds, notes, credits, evidences of an interest in property, evidences of debt and choses in action generally;
- (11) "transfer" includes the passing of property or any interest in property, in possession or enjoyment, present or future, by inheritance, descent, devise, succession, bequest, grant, deed, bargain, sale, gift, or appointment in the manner described in this chapter;
- (12) "United States" used in a geographical sense includes only the 50 states and the District of Columbia. (§ 2 ch 24 SLA 1970)

Sec. 43.31.430. Short title. This chapter may be cited as the Estate Tax Law of Alaska. (§ 2 ch 24 SLA 1970)

Chapter 35. Coin-Operated Devices and Punchboards.

Article

- 1. Coin-Operated Amusement and Gaming Devices (§§ 43.35.010 — 43.35.090)
- 2. Punchboards (§§ 43.35.100 — 43.35.150)

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

- 10. Amount of tax
- 20. Administration
- 30. Distributor fees
- 40. Operation by a minor

Section

- 50. Distribution of tax
- 60. Orders and regulations
- 70. Gambling not legalized
- 90. Definitions

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§ 43.35.010

REVENUE AND TAXATION

Collateral references. — 38 Am. Jur. 2d, Gambling, §§ 10-25; 71 Am. Jur. 2d, State and Local Taxation, §§ 180 — 182. 84 C.J.S., Taxation, §§ 121-124.

Devices within contemplation of statutes regulating coin-operated vending or amusement machines, 151 ALR 1213.

Sec. 43.35.010. Amount of tax. (a) A person who maintains for use or permits the use on premises under the person's control of a coin-operated device class 1, class 2, or class 3 shall first pay a tax as follows:

- (1) \$48 a year for each coin-operated device class 1;
- (2) \$120 a year for each coin-operated device class 2;
- (3) \$240 a year for each coin-operated device class 3;

(b) No additional tax is levied where a device within a given classification is replaced by another of the same classification.

(c) The tax imposed by this section is reduced by one-twelfth for the entirety of each month which elapses from the first day of the year to the date upon which the device is placed in operation. In this chapter a remaining portion of a month is considered as one full month. (§ 48-3-1 ACLA 1949; am ch 31 SLA 1949; am § 1 ch 142 SLA 1960)

NOTES TO DECISIONS

The tax imposed by this section is not a license of the business of operating pinball machines in the sense that it confers a right which would not exist in the absence of the imposition of the tax. State v. Pinball Machs., Sup. Ct. Op. No. 298 (File No. 529), 404 P.2d 923 (1965).

This section says nothing about a license. State v. Pinball Machs., Sup. Ct.

Op. No. 298 (File No. 529), 404 P.2d 923 (1965).

Business not made lawful by imposition of tax. — A business expressly condemned and made unlawful by statute is not made lawful by the fact that a tax is imposed with respect to its operation. State v. Pinball Machs., Sup. Ct. Op. No. 298 (File No. 529), 404 P.2d 923 (1965).

Sec. 43.35.020. Administration. (a) Tax payments specified in AS 43.35.010 shall be made to the commissioner of revenue before the installation for operation of a device taxable under AS 43.35.010, except that the tax shall be prorated for a taxable device installed after January 31 in a given year from the beginning of the month within which the device is installed through the remainder of the calendar year. The receipt of the commissioner of revenue for payment shall be kept for inspection in the manner required under regulations prescribed by the commissioner of revenue.

(b) If the ownership of the taxable device changes, the receipt shall be transferred by the commissioner of revenue to the new owner or operator upon payment of a transfer fee of \$5. The fee shall be deposited in the general fund. Application for the transfer of the receipt shall be made within 30 days after the change of ownership. Tax on a device on which earlier taxes have been paid and which is in operation at the

close of the preceding calendar year shall be paid before February 1 of the year in which the tax is due. (§ 48-3-3 ACLA 1949; am § 3 ch 142 SLA 1960)

~~Sec. 43.35.030. Distributor fees. A distributor of coin-operated equipment shall~~

~~(1) pay an annual permit fee of \$50 to the Department of Revenue, to be deposited by it in the general fund; and~~

~~(2) file an affidavit that the distributor is a citizen of the United States and a bona fide resident of the state for more than three years, and has never been convicted of a felony; in the case of a corporation an affidavit is required from each stockholder and employee of the corporation. (§ 48-3-4 ACLA 1949; am § 4 ch 142 SLA 1960)~~

Sec. 43.35.040. Operation by a minor. (a) An operator or other person who has charge of a device covered by this chapter, except a music machine or a coin-operated device class 1,

(1) shall not permit a person under 18 years of age to operate the device; and

(2) shall place a conspicuous notice of this prohibition on each device, in accordance with standards fixed by the commissioner of revenue.

(b) No machine, except a music machine, may be placed, used, located, or operated within a radius of 100 yards of a school building. (§ 48-3-5 ACLA 1949; am § 5 ch 142 SLA 1960; am § 1 ch 164 SLA 1970)

Sec. 43.35.050. Distribution of tax. One-half of the proceeds of the gross revenue from the tax provided by this chapter, excluding distributors' fees, penalties, and the amount determined to have been spent by the state in its collection, shall be refunded to organized boroughs and cities of the first, second, and third classes by action of the legislature in the proportion that the revenue was earned within them, and the balance shall be retained by the state and deposited in the general fund. (§ 48-3-6 ACLA 1949; am ch 31 SLA 1949; am § 6 ch 142 SLA 1960; am § 2 ch 155 SLA 1962)

Sec. 43.35.060. Orders and regulations. The commissioner of revenue may issue orders and adopt regulations necessary to carry out this chapter. (§ 48-3-7 ACLA 1949; am § 7 ch 142 SLA 1960)

Sec. 43.35.070. Gambling not legalized. This chapter does not legalize gambling or the possession of a gambling device. (§ 48-3-8 ACLA 1949; am § 8 ch 142 SLA 1960)

Cross references. — For limitations on authorized gaming activities, see AS 05.15.180.

see supplement (attached)

Legisl 1960 am no intent permit g No. 2334 No. 162)

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NOTES TO DECISIONS

Legislative intent. — In enacting the 1960 amendment to this section there was no intent on the part of the legislature to permit gambling. *Pin-Ball Mach.*, Serial No. 2334 v. State, Sup. Ct. Op. No. 86 (File No. 162), 371 P.2d 805 (1962).

The use or possession of a pinball machine is not made lawful by the mere fact that such machine is defined by law for tax purposes. *State v. Pinball Machs.*, Sup. Ct. Op. No. 298 (File No. 529), 404 P.2d 923 (1965).

Sec. 43.35.080. Penalties. [Repealed, § 46 ch 113 SLA 1980. For current law, see AS 43.05.220 and 43.05.290.]

Sec. 43.35.090. Definitions. In this chapter

(1) "coin-operated device class 1" means an entertainment or amusement device or amusement apparatus which operates by means of insertion of a coin, token, or other similar object, except a coin-operated radio, which does not involve an element of chance;

(2) "coin-operated device class 2" means a pinball machine, including a bingo type coin-operated device, horse race machine or other apparatus or device which operates by means of insertion of a coin, token, or similar object and which, by embodying the elements of chance or skill, awards free plays and which contains a device for releasing free plays and a meter for registering or recording the plays so released, or with a provision for multiple coin insertion for increasing the odds; class 2 does not include bona fide vending machines in which gaming or amusement features are not incorporated;

(3) "coin-operated device class 3" means a slot machine or other apparatus or device which operates by means of insertion of a coin, token, or similar object and which, by strict dependence upon the element of chance, may deliver or may entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens; a device or apparatus otherwise falling within the classification of (2) of this section, though not strictly dependent upon the element of chance, is taxed according to the rate applicable to slot machines if the device or apparatus itself delivers cash directly to the person playing or operating it;

(4) "distributor" means a person who directly provides or furnishes a coin-operated device for operation on premises not owned by the person and not under the jurisdiction or control of the person. (§ 48-3-2 ACLA 1949; am § 2 ch 142 SLA 1960; am § 1 ch 135 SLA 1966)

Legislative history reports. — For report on ch. 135, SLA 1966, see 1966 House Journal, p. 870.

Effect of amendments. — The 1984 amendment changed the internal reference in the last sentence.

Chapter 35. Coin-Operated Devices and Punchboards.

Article

1. Coin-Operated Amusement and Gaming Devices (§ 43.35.030)

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

30. Distributor fees

Sec. 43.35.030. Distributor fees. A distributor of coin-operated equipment shall

(1) pay an annual permit fee of \$50 to the department, to be deposited by it in the general fund; and

(2) file an affidavit that the distributor is a citizen of the United States, a bona fide resident of the state for at least one year, and has never been convicted of a felony; in the case of a corporation an affidavit is required from each stockholder and employee of the corporation. (§ 48-3-4 ACLA 1949; am § 4 ch 142 SLA 1960; am § 118 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "department" for "Department of Revenue" in paragraph (1) and "a bona fide resident of the state for at least one year" for "and a bona fide resident of the state for more than three years" in paragraph (2).

*Sec 4
distributor*

Chapter 40. Motor Fuel Tax.

Section

35. Other refunds and credits

Sec. 43.40.035. Other refunds and credits. (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements of AS 43.40.010(1) have been fulfilled; or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

(b) A reseller may elect, with the express written consent of the supplier of the reseller, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or re-

fund from section supplier election, and signature under the ten cons 1983)

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Article 1. Cigarette 2. Addition 3. Excise

Section 170. Definition

Sec. 4

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§ 11.66.200

CRIMINAL LAW

§ 11.66.210

Collateral references. — 38 Am. Jur. 2d, Gambling, § 1 et seq.

27 C.J.S., Disorderly Houses, § 1 et seq.; 38 C.J.S., Gaming, § 1 et seq.

Racing as a game within statute, 45 ALR 998.

Constitutionality of statutes forbidding or regulating dissemination of betting odds or other gambling information, 47 ALR 1135.

Pari-mutuel and similar betting methods on race as game of chance or gambling, 52 ALR 74.

What are games of chance, games of skill, and mixed games of chance and skill, 135 ALR 104.

Entrapment to commit offense with respect to gambling or lotteries, 31 ALR2d 1212.

Criminal conspiracies as to gambling, 91 ALR2d 1148.

Bridge as within gambling laws, 97 ALR2d 1420.

Paraphernalia or appliances used for recording gambling transactions or receiving or furnishing gambling informa-

tion as gaming "devices" within criminal statute or ordinance, 1 ALR3d 726.

Validity of criminal legislation making possession of gambling or lottery devices or paraphernalia presumptive or prima facie evidence of other incriminating facts, 17 ALR3d 491.

Gambling in private residence as prohibited or permitted by antigambling laws, 27 ALR3d 1074.

Promotion schemes of retail stores as criminal offense under antigambling laws, 29 ALR3d 888.

Validity and construction of statute exempting gambling operations carried on by religious, charitable, or other nonprofit organizations from general prohibitions against gambling, 42 ALR3d 663.

Construction and application of state or municipal enactments relating to policy or numbers games, 70 ALR3d 897.

Criminal liability of member or agent of private club or association, or of owner or lessor of its premises, for violation of state or local liquor or gambling laws thereon, 98 ALR3d 694.

Sec. 11.66.200. Gambling. (a) A person commits the offense of gambling if the person engages in unlawful gambling.

(b) It is an affirmative defense to a prosecution under this section that the defendant was a player in a social game.

(c) Gambling is a violation for the first offense. Gambling is a class B misdemeanor for the second and each subsequent offense. (§ 8 ch 166 SLA 1978)

max. fine \$1000
max. term 90 days

Cross references. — For law on bingo, raffles and ice pools, see AS 05.15.

NOTES TO DECISIONS

For case construing former statute prohibiting dealing or conducting gambling game, see United States v. Frodenberg, 8 Alaska 251 (1930).

Quoted in Gilman v. Martin. Sup. Ct. Op. No. 2652 (File No. 5937), 662 P.2d 120 (1983).

Sec. 11.66.210. Promoting gambling in the first degree. (a) A person commits the crime of promoting gambling in the first degree if the person promotes or profits from an unlawful gambling enterprise.

(b) Promoting gambling in the first degree is a class C felony. (§ 8 ch 166 SLA 1978)

max. fine \$50,000
max. term 5 yrs.

NOTES TO DECISIONS

For case construing former statute prohibiting dealing or conducting gambling game, see United States v. Frodenberg, 8 Alaska 251 (1930).

Sec. 11.66.220. Promoting gambling in the second degree. (a) A person commits the crime of promoting gambling in the second degree if the person promotes or profits from unlawful gambling.

(b) Promoting gambling in the second degree is a class A misdemeanor. (§ 8 ch 166 SLA 1978) max. fine \$5000 max. term 1 yr.

NOTES TO DECISIONS

For case construing former statute prohibiting dealing or conducting gambling game, see United States v. Frodenberg, 8 Alaska 251 (1930).

Sec. 11.66.230. Possession of gambling records in the first degree. (a) A person commits the crime of possession of gambling records in the first degree if, with knowledge of its contents or character, the person possesses a gambling record used or intended to be used in the operation or promotion of an unlawful gambling enterprise.

(b) Possession of gambling records in the first degree is a class C felony. (§ 8 ch 166 SLA 1978; am § 24 ch 102 SLA 1980) max. fine \$50,000 max term 5 yrs.

Effect of amendments. — The 1980 amendment substituted "used or intended to be" for "of a kind commonly" preceding "used in the" near the middle of subsection (a). report on Chapter 102, SLA 1980 (HCS CSSB 511), see 1980 Senate Journal Supplement, No. 44, May 29, 1980, or 1980 House Journal Supplement, No. 79, May 29, 1980.

Legislative history reports. — For a

Sec. 11.66.240. Possession of gambling records in the second degree. (a) A person commits the crime of possession of gambling records in the second degree if, with knowledge of its contents or character, the person possesses a gambling record.

(b) Possession of gambling records in the second degree is a class A misdemeanor. (§ 8 ch 166 SLA 1978) max. fine \$5000 max term 1 yr.

Sec. 11.66.250. Affirmative defenses. (a) It is an affirmative defense in a prosecution under AS 11.66.230 that the gambling record was possessed by the defendant solely as a player.

(b) It is an affirmative defense in a prosecution under AS 11.66.230 or 11.66.240 that the gambling record

(1) was not used or intended to be used by the defendant in the operation or promotion of unlawful gambling;

(2) was used or intended to be used by the defendant in a social game. (§ 8 ch 166 SLA 1978)

Sec. 11.66.260. Possession of a gambling device. (a) A person commits the offense of possession of a gambling device if, with knowledge of the character of the device, the person manufactures, sells, transports, places, or possesses, or conducts or negotiates a transaction affecting or designed to affect ownership, custody, or use of, a gambling device knowing that the device is used or is to be used in unlawful gambling.

(b) It is an affirmative defense in a prosecution under this section that the gambling device possessed by the defendant was used or intended to be used only in a social game.

(c) Possession of a gambling device is a class A misdemeanor. (§ 8 ch 166 SLA 1978)

max. fine \$5000
max. term 1 yr.

NOTES TO DECISIONS

What constitutes a gambling device. —
See note to AS 11.66.280.

Collateral references. — Slot vending machine as gambling device, 38 ALR 73; 81 ALR 177.

Destruction of gambling devices, constitutionality of statutes providing for, 81 ALR 730.

Coin-operated or slot machine other than slot vending machine which may be played for amusement only or which confines winner's reward to privilege of additional play or other form of amusement, as within antigambling provisions, 148 ALR 879; 89 ALR2d 815.

Possession of gambling device as offense, 162 ALR 1188.

Coin-operated pinball machine or similar device, played for amusement only or confining reward to privilege of free replays, as prohibited or permitted by antigambling laws, 89 ALR2d 815.

Paraphernalia or appliances used for recording gambling transactions or receiving or furnishing gambling information as gaming "devices" within criminal statute or ordinance, 1 ALR3d 726.

Validity of criminal legislation making possession of gambling or lottery devices or paraphernalia presumptive or prima facie evidence of other incriminating facts, 17 ALR3d 491.

Sec. 11.66.270. Forfeiture. If used in violation of AS 11.66.200 — 11.66.280, the following property shall be forfeited:

- (1) a gambling device or gambling record;
- (2) money, not found on the person, used as a bet or stake;
- (3) money used as a bet or stake which is found on the person of one who conducts, finances, manages, supervises, directs, or owns all or part of an unlawful gambling enterprise. (§ 8 ch 166 SLA 1978)

Opinions of attorney general. — Wager slips or pool tickets used in carrying on a scheme involving wagering bookmaking or pool selling could be seized and forfeited as gambling implements under former AS 11.45.040, 1962 Op. Att'y Gen., No. 22.

6-0672J✓
Lauterbach
4/20/89

Changes in CS:

Original sponsor: Fahrenkamp

p. 1, l. 7

p. 2, l. 18 and l. 26-27

p. 3, l. 8-10 & l. 19-20

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-
ipalities; ^[and on state ferries] 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

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

29 Sec. 05.16.030. COOPERATION WITH MUNICIPALITIES. The department
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; [Revenue]

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

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

4 (A) a member of the governing body;

5 (B) a person experienced in law enforcement;

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

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

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

10 (F) two public members;

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

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

17 (4) establish

18 (A) dates and hours of operation for gambling enter-
19 prises;

20 (B) locations in the municipality where gambling
21 enterprises may be located;

22 (C) the games permitted;

23 (D) the number of gaming tables permitted on the
24 premises of a gambling enterprise;

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

26 (F) a schedule of fees for licenses;

27 (G) allowable rates of return on investment for gam-
28 bling enterprises;

29 (H) auditing procedures for gambling enterprises;

1 (5) provide for the distribution of gambling proceeds
2 including the amounts or proportions allocated to the gambling enter-
3 prise and to winners;

4 (6) require disclosure of the identity of persons having a
5 financial interest in a gambling enterprise and the nature of the
6 interest;

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

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

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

14 (d) A member of a commission responsible for municipal licensing
15 and regulation of gambling enterprises and employees of the commission
16 may not participate in or have a financial interest in a gambling
17 enterprise.

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

22 Sec. 29.35.620. PROCEEDS. (a) A municipality that operates or
23 licenses a person to operate a gambling enterprise under AS 29.35.600
24 shall collect three and one-half percent of the gross proceeds from
25 the gambling enterprise and pay that amount to the Department of
26 Commerce and Economic Development for deposit in the general fund.

27 (b) If the municipality operates a gambling enterprise, the
28 municipality shall receive all of the proceeds from the gambling
29 enterprise, except the amount paid to the Department of Commerce and

1 Economic Development under (a) of this section.

2 (c) If the municipality licenses a person in the municipality to
3 operate a gambling enterprise, the municipality and the licensee may
4 divide the proceeds from the gambling enterprise under the terms of
5 the license after subtracting the amount paid to the Department of
6 Commerce and Economic Development under (a) of this section.

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

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

13 Sec. 29.35.690. DEFINITION. In AS 29.35.600 - 29.35.690 "gam-
14 bling" and "gambling enterprise" have the meanings given in AS 05.16.-
15 900.

16 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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1989 LEGISLATIVE SURVEY

Representative
Jim Zawacki

• Bear Valley • Rabbit Creek • Oceanview

• Girdwood • Bird • Indian • Nikiski

The 1989 legislative session begins on January 9th. Legislators may be faced with shortfalls in state revenues and additional needs to reduce state spending.

State spending can no longer exceed anticipated revenues. It is imperative that you and I identify and retain those services provided by the state that are essential and recognize other programs that may have to be reduced or phased out.

Your opinions are important. Please answer the following questions and feel free to include any comments about additional concerns.

1) Reducing State Spending. Do you support phasing down the state's spending over 2 - 4 years, or would you prefer a more immediate cut?

39% Phase down over 2 - 4 years

49% More immediate cut

12% Other (Please explain) _____

2). Taxes: Should the following taxes be increased or decreased or, in case of taxes not now in existence, instituted? (Please check only *one* in each category)

i. General Business Tax

11% Increase 13% Decrease 76% Remain Same

ii. Oil Taxes

16% Increase 9% Decrease 75% Remain Same

iii. School Tax: Should such a tax be reinstated?

37% Yes 63% No

iv. Income Tax: Should a personal income tax be reestablished?

16% Yes 84% No

v. State Sales Tax: Should the state institute a statewide sales tax?

31% Yes 69% No

vi. State Property Tax: Should the state institute a statewide property tax?

6% Yes 94% No

3). Alaska is considering legislation to impose new safety regulations on fishing vessels. Please circle the item(s) you think should be mandatory:

80% Survival suits

77% Emergency Position Indication Radio Beacons (EPIRBs)

67% Life rafts

58% Licensing of captains

43% Crew training programs

44% Vessel construction/stability requirements

20% None of the above. Alaska should not impose new safety regulations on fishing vessels.

(4) Leave Corpus of Permanent Fund Intact

(5) Tougher Alaskan Hiring Practices

(6) Promote Pacific Rim Trade

(7) Strengthen the Fisheries

4). Alaska is considering a number of options to address the problem of drug abuse. Please rank the following options from 1 to 5, with 1 being the action you feel is most important.

2_ Increased education about the dangers of drug abuse.

5_ Increased federal funding for treatment facilities.

1_ More severe penalties for drug dealers.

4_ Re-criminalization of marijuana.

3_ Authorizing juries to impose the death penalty on persons convicted of drug-related murder.

5). Alaska has 65 percent of the nation's wilderness, 70 percent of all National Park lands and 85 percent of all wildlife refuge lands. The National and Alaska Fish and Wildlife Services are recommending additional wilderness designations within existing refuges and parks.

The amount of wilderness in Alaska *at this time* is:

39% About right.

45% Too much.

16% Not enough.

6). Should individuals registering motor vehicles be required to present proof of insurance before that vehicle can be registered in Alaska?

80% Yes

17% No

3% I'm currently undecided

7). Do you think Alaskan local governments should have the option of deciding whether gambling should be legalized within their boundaries?

51% Yes

42% No

7% I'm currently undecided

8). What do you think is the biggest issue facing Alaska during the next few years, and what would you like the legislature to do about it?

(1) Cut State Spending - Reduce Budget

(2) Bring in New Business - Diversify

(3) Open ANWR - Explore for Oil

Kert English

*K. R. English and Associates, Inc.*1800 W. BRNSON BLVD.
SUITE 202
ANCHORAGE, ALASKA 99517
(907) 258-6246

The Pacific air carriers are announcing their intentions to bypass Anchorage and use Russia as the re-fueling route for Europe. The Alaska Railroad has produced only a minimal effort for transportation to the ski area at Alyeska. The Eagle River Ski development appears in serious trouble partially due to lack of local (city and state) support. The city public transportation system is cutting back due to lack of ridership revenues (we are still operating a 1930's design type system). Anchorage cannot book a medium size convention (1500 - 2000 attendance) in the summer months due to the lack of bookable convention/hotel facilities (I have tried!). The medium-low end housing market in Anchorage is in a shambles due to the lack of people with jobs in this sector. This last factor is also having a dramatic effect on our local economy as a whole with a decided negative effect on our tax base that in turn supports our ability to provide the public services we have come to expect.

A PROPOSAL

Major point of destination activity facility directed toward International tourists,

- Must be:
- proven low in crime promulgation
 - not dependent on local revenue sources
 - non polluting
 - labor intensive
 - non seasonable
 - conducive to promotion of Alaska Arts & Heritage
 - of a significance so as to serve as feeder attraction for other tourist adventures
 - non oil dependent

Where: Point Woronzof (behind Airport)

- Why?
- containable and isolated
 - scenic vistas (mountains & inlets)
 - close to major foreign transportation
 - terrain and vegetation conducive to Alaskan motif

OR

Where: Port area (Vacated Railroad areas)

- Why?
- adjacent to Visitor/Hotel facilities
 - central to developing downtown attractions and convention facilities
 - business district participation
 - conducive to rapid transit facilities and would serve as core facilities for further peripheral transit system via railroad routes with participation by Alaska Railroad
 - traversed by Ship Creek for tourist facilities emphasizing fish and Alaskan
 - geographically contained

Employment Enhanced Sectors:

- tours and agencies
- local merchants and businesses
- labor and construction
- all services sectors
- recreational fishing
- crafts products
- arts
- Hotels and Restaurants

- Ski Resorts
- rapid or mass transit via Railroad routes
- conventions related
- transportation - air and land and water
- banking, domestic and international

How:

A special purpose Casino Gambling zone is to be created limited to a specified 500-2000 acre sector, to house three major casino facilities. The three casinos will be constructed one at a time at five year intervals by Alaska State funds and leased to private operators for 10 year periods. At the end of each lease the facilities would be open for bid for the following ten year period. Each lease would be based on a flat fee plus a percentage revenue share, the revenue share being split between the State of Alaska and the Municipality of Anchorage.

Transit Support Base:

This attraction will create an enhanced volume through Anchorage International Airport, requiring transportation from the airport to hotels and downtown Anchorage as well as to other tourist oriented attractions such as salmon viewing areas, ski developments, boat/sailing areas, nature/wilderness viewing, convention areas, civic performing arts and sports centers, etc. The Alaska Railroad rights of way are typically 200' wide and would provide space as well as participation for development of monorail or similar type tourist-local resident use facilities, running from Anchorage International Airport to Eagle River-Palmer-Wasilla-Alyeska (Girdwood)-Seward. Commuter runs on a time coordinated basis are to be encouraged for South Anchorage, East Anchorage and Eagle River to/from Anchorage Central Business areas. Small private commuter shuttles will be encouraged to serve the neighborhood-transit stations. Thus, air quality and traffic congestion solutions will be enhanced.

Anchorage International Airport will be bolstered as an Intercontinental refueling stop. International travelers will have an incentive to choose a flight with a 3-4 hour layover if they have something "exciting" to do other than sit in an airport lounge. The once initiated traveler will be encouraged to return.

Anchorage as a tour ship destination will be promotable for a longer season and with a glamour image to boot. It will no longer be a city of museums, hotels and trinket shops accessible only by common taxi or school bus type transportation. There will be "things to do and see" in Anchorage known from Osaka and Moscow to Dubai.

This proposal is based on sound economics. It is not environmentally harmful or socially degrading. It is not based on a finite resource extraction. By rigid geographic containment it is manageable. It is also an overall plan highly labor intensive and conducive to a promotion of Alaska, with Anchorage as the center target, without destroying those things that brought us here.

It is also a plan looking for a champion of unimpeachable character. That person must be strong enough to not yield to temptation and recognize that the keys making this plan workable are:

- containment of facilities
- management and vigilant monitoring provisions
- world class transportation for ease of access.

If done right, the Alaskan Mystique will be carried home to all corners of the world.

Thank you


INSIDE ONE

Voters bet on gambling to help gold-rush town

Wild Bill Hickok was shot in the head during a poker game in Deadwood, S.D., more than a century ago, but the city's voters have bet that restoring gambling will give a shot in the arm to the gold-rush town's economy.

Residents voted 690-230 Tuesday to allow poker, blackjack and slot machines, with the city's cut of the proceeds to be used to restore and preserve buildings in the historic Black Hills community of 2,000.

An amendment to the South Dakota Constitution last year provided that gambling limited to \$5 bets would be permitted in Deadwood if 60 percent of the city's voters approved it.

South Dakota is the third state to allow casino gambling, joining New Jersey and Nevada.

Melodee Nelson, head of the Deadwood You Bet Committee, said legalized gambling should boost the economy, increase tourism, create jobs and help hold

down property taxes.

"But let's all remember it's first and foremost a funding mechanism for historic preservation," she said. "That's what it started out as. That's what it's always been."

Supporters hope the games can begin this summer, said Bill Walsh, owner of the 85-year-old Franklin Hotel. He said the restoration of gambling is about as important as the arrival of the first train in 1890.

"It's here, and we want to all jump on the train and ride this thing for the betterment of the city of Deadwood and the state of South Dakota," he said.

About 50 supporters of the measure gathered Tuesday night in the hotel lobby, which is guarded by a bust of Hickok.

But their celebration was subdued by the outcome of the mayoral election. Mayor Tom Blair, a gambling supporter, ran into trouble in his re-election bid.

Blair finished second in a three-way race, and now will face first-place finisher Bruce Oberlander in a runoff in two weeks.

Some residents quietly opposed a return to gambling on moral grounds, and argued that the games wouldn't provide that much of an economic boost.

Supporters think gambling will help make the area a final destination for tourists, instead of just a stop on the way to Yellowstone National Park, the Rocky Mountains or Mount Rushmore National Monument, which is about 50 miles away.

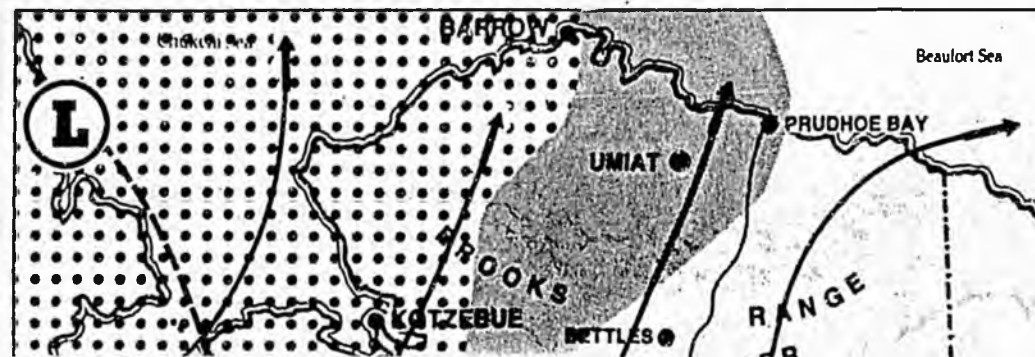
Deadwood owes much of its tourism reputation to Hickok, the U.S. marshal and frontiersman who was shot in the back of the head in 1876 during a poker game in a saloon called No. 10. Legend has it he was holding a pair each of aces and eights, known since as the "dead man's hand."

Daily News wire services



The Associated Press

by a bust of Wild Bill Hickok.



Anchorage Daily News

Forecast key

- ☐ Rain
- ☐ Showers
- ☐ Snow
- ☐ Flurries
- ☐ Fog

40s. Tonight, cloudy with a chance of rain toward morning. Low in the mid 30s. Friday, rain likely. High in the mid 40s.

SITKA — Today, increasing cloudiness with a chance of rain late in the day. East wind increasing to 20 mph. High near 50. Tonight and Friday, occasional rain. Low in the low 40s. High Friday in the upper 40s.

TALKEETNA — Today, sunny. Southwest wind to 10 mph during the afternoon. High near 50. Tonight, fair. Low in the mid 20s. Friday, increasing clouds. High in the upper 40s.

VALDEZ — Today, sunny. High in the upper 40s. Southwest wind to 10 mph in the afternoon and early evening. Tonight,

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

SB 168

Committee considered

authorizing gambling enterprises in municipalities and on state ferries; efd

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 _____

FISCAL NOTE(S) attached zero ^{REVENUE} C&RA fiscal impact ^{REVENUE} DOT
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Revenue - no rec

Don't know - no rec

Pat Louchard No REC

Al Adams - No Rec

Chairman signature and recommendation

Committee backup attached

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§ 11.66.280

CRIMINAL LAW

§ 11.66.280

Article 2. Gambling Offenses.

Section 280. Definitions

Sec. 11.66.280. Definitions. In AS 11.66.200 — 11.66.280, unless the context requires otherwise,

(1) "contest of chance" means a contest, game, gaming scheme, or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that the skill of the contestants may also be a factor;

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

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

(B) playing an amusement device that

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

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

(C) an activity authorized by the commissioner of revenue under AS 05.15;

(3) "gambling device" means any device, machine, paraphernalia, or equipment that is used or usable in the playing phases of unlawful gambling, whether it consists of gambling between persons or gambling by a person involving the playing of a machine; "gambling device" does not include

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

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

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

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

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

(C) is not a municipality or a qualified organization under AS 05.15.210, except that, for purposes of this paragraph, no application

for a license under AS 05.15 is required to be considered a qualified organization;

(5) "gambling record" means any writing or paper of a kind commonly used in the operation or promotion of unlawful gambling and includes lottery tickets, policy slips, or other writings or papers used in the playing phases of lottery or policy schemes;

(6) "player" means a person who engages in gambling solely as a contestant or bettor, believing that the risk of losing and the chances of winning are the same for all participants except for the advantages of skill and luck, without receiving or becoming entitled to receive any profit from gambling other than personal gambling winnings and without otherwise rendering any material assistance to the establishment, conduct, or operation of the particular gambling activity, except that, for purposes of this paragraph, a person who gambles at a social game on equal terms with the other participants does not "otherwise render material assistance" to the establishment, conduct, or operation by performing, without fee or remuneration, acts directed towards the arrangement or facilitation of the game, such as inviting persons to play, permitting the use of premises for the game, or supplying cards or other equipment used in the game;

(7) "profits from gambling" means that a person, acting other than as a player, accepts or receives money or other property under an agreement or understanding with another person by which the person participates or is to participate in the proceeds of gambling;

(8) "promoting gambling" means that a person, acting other than as a player, engages in conduct that materially aids any form of gambling; conduct of this nature includes

(A) conduct directed toward the

(i) creation or establishment of the particular gambling activity or acquisition or maintenance of premises, paraphernalia, equipment, or apparatus used in the gambling;

(ii) conduct of the playing phases of gambling; or

(iii) arrangement of the financial or recording phase of gambling or toward any other phase of its operation; or

(B) having control or right of control over premises that are used with the defendant's knowledge for purposes of gambling and permitting the gambling to occur or continue without making an effort to prevent its occurrence or continuation;

(9) "social game" means gambling in a home where no house player, house bank, or house odds exist and where there is no house income from the operation of the game;

(10) "something of value" means any money or property; any token, object, or article exchangeable for money or property; and any form of credit or promise directly or indirectly contemplating transfer of money or property or of an interest in money or property or involving

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extension of a service, entertainment, or privilege of playing at a game or scheme without charge;

(11) "unlawful" means not specifically authorized by law. (§ 8 ch 166 SLA 1978; am § 9 ch 59 SLA 1983; am § 20 ch 14 SLA 1987)

Effect of amendments. — The 1987 amendment, in paragraph (4) substituted "that" for "which" in the introductory language and in subparagraph (C) inserted "municipality or a" and substituted "AS 05.15.210" for "AS 05.15.210(15)" and "AS 05.15" for "AS 05.15.210(15)."

Chapter 70. Miscellaneous Provisions.

Secs. 11.70.010— 11.70.030. Intent to defraud; use of evidence by person on charge of perjury; intoxication as defense. [Repealed, § 21 ch 166 SLA 1978. For current law, see AS 11.46.990(10), AS 11.81.630.]

Editor's notes. — The repeal line above is set out to correct an error in the main pamphlet.

Chapter 71. Controlled Substances.

Article

- 1. Offenses Relating to Controlled Substances (§§ 11.71.030 — 11.71.070)
- 2. Standards and Schedules (§§ 11.71.120, 11.71.160, 11.71.180)
- 3. Miscellaneous Provisions (§ 11.71.305)
- 4. Definitions (§ 11.71.900)

Article 1. Offenses Relating to Controlled Substances.

Section

- 30. Misconduct involving a controlled substance in the third degree
- 40. Misconduct involving a controlled substance in the fourth degree
- 50. Misconduct involving a controlled substance in the fifth degree

Section

- 60. Misconduct involving a controlled substance in the sixth degree
- 70. Misconduct involving a controlled substance in the seventh degree

NOTES TO DECISIONS

Conviction reversed where search warrant improperly issued. — See State v. Jones, Sup. Ct. Op. No. 2983 (File

No. S-486), 706 P.2d 317 (1985) (conviction under former AS 17.10.101).

Sec. 05.15.100. Issuance of permits and licenses. (a) The commissioner may issue a permit to a municipality or qualified organization. The permit gives the municipality or qualified organization the privilege of conducting bingo, raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers' contests, fish derbies, and contests of skill.

(b) The commissioner also may issue a permit giving a municipality or qualified organization the privilege of conducting an activity involving the use of playing cards, dice, and numbers wheels. Each year, a municipality or qualified organization may apply for a permit under this subsection for either a single event lasting no more than three consecutive days, or for no more than three events lasting no more than one day each.

(c) The commissioner may issue an operator's license to a natural person to conduct an activity permitted under this chapter on behalf of a municipality or a qualified organization. The commissioner may also issue an operator's license to a municipality or a qualified organization to conduct an activity on behalf of another municipality or qualified organization. (§ 1 a ch 27 SLA 1960; am § 1 ch 66 SLA 1976; am § 2 ch 27 SLA 1982; am § 2 ch 59 SLA 1983; am § 1 ch 93 SLA 1986; am § 2 ch 94 SLA 1986; am §§ 11, 12 ch 99 SLA 1988)

Effect of amendments. — The first 1986 amendment inserted "goose classics, mercury classics," in subsection (a) and inserted a comma following "derbies."

The second 1986 amendment in subsection (a) inserted "salmon classics," in the second sentence.

The 1988 amendment, in subsection (a), deleted "of revenue" following "commissioner" in the first sentence and, in the second sentence, inserted "qualified" and "pull-tab games," and made a minor punctuation change; and added subsection (c).

Sec. 05.15.112. Member in charge. (a) Each municipality or qualified organization that receives a permit under this chapter shall designate a member in charge.

(b) The member in charge is responsible for preparation, maintenance, and transmittal of all records and reports required of the permittee. The member in charge shall be a member of the qualified organization or the board of directors of the qualified organization or an employee of the municipality.

(c) The member in charge shall monitor the operator's performance under and compliance with contracts for the conduct of activities on behalf of the authorizing permittee.

(d) The municipality or qualified organization shall designate alternate members in charge who are responsible for the duties of the member in charge in the absence of the member in charge. (§ 13 ch 99 SLA 1988)

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or until the end of a hearing or other proceeding begun during suspension. The authority of the commissioner to suspend a permit is not subject to the Administrative Procedure Act (AS 44.62). (§ 5 ch 27 SLA 1960)

Editor's notes. — This section is set out to incorporate editorial changes made by the Revisor of Statutes.

Sec. 05.15.180. Limitations on authorized activity. (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or instruments used, designed, or intended primarily for gaming or gambling or any other method or implement not expressly authorized by the commissioner.

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics, goose classics, mercury classics, salmon classics, and other activities authorized under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the state in substantially the same form and was conducted in substantially the same manner before January 1, 1959.

(c) The operation of activities licensed under AS 05.15.100(b) is limited as follows:

- (1) cash prizes may not be awarded;
- (2) only money substitutes such as chips or scrip may be used by a player in the activity;
- (3) the money substitutes may be exchanged only for prizes other than money and may not be otherwise exchanged or sold; and
- (4) additional limitations may be established by the commissioner under adopted regulations.

(d) The total value of door prizes offered or awarded under authority of a permit issued to a municipality or qualified organization under this chapter may not exceed \$20,000 a month or \$240,000 a year.

(e) The total value of all door prizes offered or awarded at a single facility or bingo hall or parlor by an operator on behalf of authorizing permittees or by a permittee in conjunction with other permittees may not exceed \$20,000 a month or \$240,000 a year.

(f) A person under the age of 19 years may not play a bingo game.

(g) A municipality or a qualified organization may award a maximum of \$1,000,000 in prizes each year in activities authorized under this chapter; however, if a municipality or a qualified organization contracts with an operator to conduct on its behalf activities authorized under this chapter, the municipality or qualified organization may award a maximum of \$500,000 in prizes each year. In this subsection "activities authorized under this chapter" means all activities subject to this chapter other than bingo. (§ 2 ch 27 SLA 1960; am § 3

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ch 66 SLA 1976; am §§ 5, 6 ch 59 SLA 1983; am § 2 ch 93 SLA 1986;
am § 3 ch 94 SLA 1986; am §§ 20, 21 ch 99 SLA 1988)

Effect of amendments. — The first 1986 amendment inserted "goose classics, mercury classics," in subsection (b).

The second 1986 amendment in subsection (b) inserted "salmon classics," and

"not" preceding "be licensed" and substituted "an" for "no."

The 1988 amendment inserted "bingo games, pull-tab games" in subsection (b) and added subsections (d)-(g).

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Sec. 05.15.181. Pull-tab manufacturer's license. (a) A person may not manufacture pull-tabs in the state unless the person has received a pull-tab manufacturer's license issued by the department.

(b) The department may issue a pull-tab manufacturer's license to a person who pays an annual fee of \$500.

(c) Each series of pull-tabs manufactured in the state shall be sealed and have a serial number label issued by the National Association of Fundraising Ticket Manufacturers or other serial number label approved by the department.

(d) A pull-tab manufacturer may distribute pull-tabs only to a licensed pull-tab distributor unless the pull-tab manufacturer is also a licensed pull-tab distributor.

(e) Each pull-tab manufacturer shall report to the department by the last business day of the month on each series of pull-tabs distributed during the preceding month, including the serial number of each series distributed and the name of the distributor to whom the series was distributed. (§ 22 ch 99 SLA 1988)

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Sec. 05.15.183. Pull-tab distributor's license. (a) A person may not distribute pull-tab games unless the person has received a pull-tab distributor's license issued by the department.

(b) The department may issue a pull-tab distributor's license to a person who pays an annual fee of \$1,000.

(c) Pull-tabs may be distributed only from a location in the state. A person may not distribute pull-tabs directly to another person in the state from a location outside of this state.

(d) A pull-tab distributor shall report to the department by the last business day of each month on each pull-tab series distributed in the preceding month. The report must include the name of the permittee to whom each series of pull-tabs is distributed and the serial number of each series. (§ 22 ch 99 SLA 1988)

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Sec. 05.15.184. Pull-tab tax. A pull-tab distributor shall collect a tax of three percent of an amount equal to the gross receipts less prizes awarded on each series of pull-tabs distributed. The pull-tab distributor shall pay to the department the tax collected in the preceding month at the time that the report under AS 05.15.183(d) is filed with the department. (§ 22 ch 99 SLA 1988)