

HB 16

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 26, 1991

FURTHER REFERRALS:

Date of Committee Action: 4-22-91

The FINANCE Committee considered:

HB 16

HOUSE BILL NO. 16

PARIMUTUEL RACING/AK RACING COMMISSION

"An Act establishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 16 (Juo) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact _____

fiscal note(s) LAW 2-8-91
DCED 2-8-91

zero fiscal note Public Safety

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Mike Stavrou</u>	✓	<u>Eileen P. Machean</u>		✓	
<u>Tom Phelan</u>	✓	<u>Kenneth</u>		✓	
<u>Ronald J. Lee</u>	X	<u>Bob King</u>		✓	
		<u>Robert</u>		✓	
		<u>Mark Boyer</u>		✓	
			X		

Mike Stavrou Eileen P. Machean
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 16 (JUDICIARY)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered: 3/26/91
Referred: Finance

Sponsor(s): REPRESENTATIVE LARSON

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Racing Commission and authorizing parimutuel wagering
2 at sanctioned events; and providing for an effective date."

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

4 * Section 1. AS 05 is amended by adding a new chapter to read:

5 CHAPTER 45. HORSE RACING.

6 ARTICLE 1. ALASKA RACING COMMISSION.

7 Sec. 05.45.010. ALASKA RACING COMMISSION. (a) The Alaska Racing
8 Commission is established in the Department of Commerce and Economic Development. The
9 commission is composed of five members appointed by the governor and confirmed by a
10 majority of the legislature meeting in joint session. One member shall have experience in the
11 regulation, supervision, or conduct of parimutuel wagering or horse racing; one member shall
12 have experience in law enforcement; one member shall have experience in bookkeeping or ac-
13 counting; two members shall be public members.

14 (b) At the time of appointment, the governor shall indicate which position described in

1 (a) of this section the appointee is filling. The governor may not move a member from one
2 position to another without resubmitting the appointment to the legislature for confirmation.

3 (c) Each member of the commission shall at the time of the member's appointment have
4 been a resident of the state for at least two years.

5 (d) A person may not serve as a member of the commission if that person has been
6 convicted of

7 (1) a felony; or

8 (2) an offense defined in AS 05.45.950, AS 11.66.200 - 11.66.280, or a
9 comparable provision of municipal, state, or federal law.

10 (e) A person may not serve as a member of the commission until the investigation
11 required under AS 18.65.090 is completed.

12 (f) The commission shall elect a chair from its membership.

13 (g) Three members of the commission constitute a quorum for the transaction of business.

14 (h) The department shall request from the Department of Public Safety a criminal history
15 records check of

16 (1) a person appointed by the governor to serve as a member of the Alaska
17 Racing Commission;

18 (2) an applicant for employment with the Alaska Racing Commission;

19 (3) an applicant to serve as a race official or race meet observer;

20 (4) an applicant for a license under AS 05.45.100 or a special permit under
21 AS 05.45.110.

22 Sec. 05.45.020. TERM OF OFFICE. Members of the commission serve staggered terms
23 of four years. A vacancy is filled by appointment for the unexpired term. A member of the
24 commission holds office until a successor is appointed and qualifies.

25 Sec. 05.45.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) A member may
26 be removed only by a vote of a majority of the legislature meeting in joint session or by the
27 governor with the consent of a majority of the legislature meeting in joint session. If the
28 governor proposes to remove a member when the legislature is in session, the governor shall
29 submit a request for legislative consent to the speaker of the house and the president of the
30 senate. If the governor proposes to remove a member when the legislature is not in session, the
31 governor shall notify all legislators in writing. If a majority of the legislators approve the

1 removal in writing, the governor may remove the member. If the governor does not receive
2 approval before the legislature convenes in regular session, the governor shall submit the
3 proposed removal as set out in this section. A member whose removal has been proposed by the
4 governor retains the member's seat on the commission until the legislature has approved the
5 removal.

6 (b) The governor may immediately suspend a member for a violation of law or for
7 misconduct in office pending removal from office under (a) of this section.

8 Sec. 05.45.040. COMPENSATION AND PER DIEM. Members of the commission do
9 not receive a salary for their service on the commission but are entitled to per diem and travel
10 expenses authorized by law for state boards and commissions under AS 39.20.180.

11 Sec. 05.45.050. DUTIES AND POWERS OF THE COMMISSION. (a) The commission
12 shall, in consultation with the attorney general,

13 (1) adopt regulations concerning

14 (A) the issuance, renewal, suspension, and revocation of licenses and
15 special permits;

16 (B) the immediate suspension of a license or special permit of a person
17 subject to this chapter during an investigation of a violation of this chapter or a regulation
18 adopted under this chapter;

19 (C) the appointment of race officials, including race meet observers, and
20 their duties;

21 (D) the distribution of the parimutuel pool among the race meet operator,
22 purse money, winning tickets, and the commission;

23 (E) retention of breakage by a race meet operator;

24 (F) veterinary standards for race meets;

25 (G) parimutuel equipment to be used by race meet operators;

26 (H) auditing procedures; and

27 (I) other matters directly related to horse racing and parimutuel wagering;

28 (2) regulate and supervise all horse races;

29 (3) inspect and approve race tracks and race horses;

30 (4) establish racing dates and durations;

31 (5) sanction horse racing within municipalities at locations approved by the

1 commission;

2 (6) set all license and special permit fees;

3 (7) make an annual report to the commissioner of commerce and economic
4 development and the legislature of its administration of this chapter before February 15 of each
5 year;

6 (8) keep detailed records of all race meets and of all collections and
7 disbursements;

8 (9) supervise the making and distribution of parimutuel pools

9 (10) set requirements for the minimum liability insurance coverage that a race
10 meet operator must have;

11 (11) impose an admission surcharge for a race meet of \$1 without regard to
12 whether the race meet operator charges an admission fee.

13 (b) The commission may

14 (1) hire staff, and appoint persons as race meet observers, as needed to administer
15 this chapter, if the investigation required under AS 18.65.090 finds that the person has not been
16 convicted of a crime set out in AS 05.45.010(d);

17 (2) issue subpoenas to compel witnesses to appear before it;

18 (3) compel the production of documents showing the receipts and disbursements
19 of a race meet operator;

20 (4) appoint a hearing officer to conduct a hearing required by this chapter or by
21 a regulation adopted under it.

22 Sec. 05.45.060. EMPLOYEES OF THE COMMISSION. Employees of the commission
23 are in the partially exempt service under AS 39.25.120.

24 Sec. 05.45.070. REGULATIONS OF THE COMMISSION. The attorney general shall
25 enforce the regulations of the commission.

26 Sec. 05.45.080. RECORDS OF THE COMMISSION. All records of the commission are
27 public records and subject to public inspection.

28 Sec. 05.45.090. PROCEEDS. Fees and other money received by the commission shall
29 be paid into the general fund.

30 ARTICLE 2. RACE MEETS.

31 Sec. 05.45.100. RACE MEET OPERATOR'S LICENSE. (a) A person may not conduct

1 a race meet in the state without a race meet operator's license issued by the commission. A race
2 meet operator's license is valid for three years unless revoked or suspended by the commission
3 and is not transferable.

4 (b) The race meet operator has the exclusive right to operate or contract for the operation
5 of concessions at the site of the race meet.

6 (c) A race meet operator's license may not be issued until the investigation required
7 under AS 18.65.090 is completed. A person convicted of a crime set out in AS 05.45.010(d)
8 may not receive a race meet operator's license.

9 (d) A race meet may be conducted only within a municipality.

10 Sec. 05.45.110. SPECIAL PERMITS. (a) A person may not participate in a race meet
11 as an owner of an animal participating in the race meet, trainer, jockey, driver, attendant, groom,
12 stable person, veterinarian, employee of a race meet operator, concessionaire, or concession
13 employee without a special permit issued by the commission.

14 (b) A special permit is valid for one year unless revoked or suspended by the
15 commission. The commission may not issue a special permit under this section until the
16 investigation required under AS 18.65.090 is completed. A person convicted of a crime set out
17 in AS 05.45.010(d) may not receive a special permit.

18 Sec. 05.45.120. LOCAL OPTION. The commission may not sanction a race meet within
19 a municipality unless the municipality

20 (1) by ordinance approved by the voters authorizes parimutuel wagering on horse
21 races and provides for municipal licensing of race meets within the municipality; and

22 (2) after a public hearing on the license, has approved issuance or renewal of the
23 municipal license for the race meet.

24 Sec. 05.45.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as provided
25 in (b) and (c) of this section, the parimutuel pool shall be distributed

26 (1) 65 percent to the holders of winning tickets;

27 (2) 15 percent to the race meet operator conducting the race meet;

28 (3) 10 percent as purse money; and

29 (4) 10 percent to the commission.

30 (b) The commission may by regulation adjust the distribution of the parimutuel pool as
31 necessary to promote efficient and successful race meets, except that the 10 percent that is

1 allocated to the commission under (a)(4) of this section may not be increased or decreased.

2 (c) Notwithstanding AS 34.45, money that is owed to holders of winning tickets but not
3 claimed within six months after the date for distribution of the parimutuel pool shall be paid to
4 the commission for deposit into the general fund.

5 Sec. 05.45.140. REPORTS BY THE RACE MEET OPERATOR. (a) The race meet
6 operator shall report to the commission within 30 days after each race on the distribution of the
7 parimutuel pool.

8 (b) The race meet operator shall report to the commission within 30 days after the end
9 of the race meet on the operation and proceeds of concessions at the site of the race meet.

10 Sec. 05.45.150. OBSERVATION OF RACE MEETS. (a) The commission may appoint
11 a member of the commission or other person to observe the conduct of race meets. An observer
12 shall be present at the site of each race meet on the day before, the day after, and during the race
13 meet.

14 (b) A person who is not a member of the commission or an employee of the commission
15 does not receive a salary but is entitled to per diem and travel expenses, for each day the person
16 is engaged in the actual performance of duties as a race meet observer.

17 ARTICLE 3. GENERAL PROVISIONS.

18 Sec. 05.45.900. ADMINISTRATIVE PROCEDURE ACT. The operations of the
19 commission are subject to the Administrative Procedure Act (AS 44.62).

20 Sec. 05.45.910. CONFLICT OF INTEREST ACT. The commission is subject to
21 AS 39.50 (conflict of interest).

22 Sec. 05.45.950. PROHIBITED ACTS AND PENALTIES. (a) It is a class A
23 misdemeanor to knowingly

24 (1) violate or fail to comply with a regulation of the commission or a provision
25 of this chapter if no effect on the outcome of a horse race was intended;

26 (2) record, report, or register a wager on a horse in a horse race unless under the
27 provisions of this chapter;

28 (3) place a wager upon the results of a horse race except by a parimutuel method
29 of wagering conducted by a race meet operator licensed under this chapter, and upon the grounds
30 or enclosure of the race meet operator;

31 (4) permit a person under the age of 21 to use the parimutuel system.

1 (b) Violation of a regulation or provision of this chapter with intent to affect the outcome
2 of a horse race is a class C felony.

3 Sec. 05.45.990. DEFINITIONS. In this chapter,

4 (1) "breakage" means the odd cents by which the amount payable on each dollar
5 wagered exceeds a multiple of 10 cents; breakage may not exceed 20 percent of the total amount
6 deposited in the pool;

7 (2) "commission" means the Alaska Racing Commission;

8 (3) "harness race" means a race where the horses are harnessed to a sulky,
9 carriage, or similar vehicle and driven by a driver;

10 (4) "horse race" means either a race where the horses are mounted and ridden by
11 jockeys or a harness race;

12 (5) "parimutuel" means a form of wagering on the outcome of horse races in
13 which those who wager personally purchase tickets of various denominations on a horse and all
14 wagers for each race are pooled and held by the race meet operator for distribution; when the
15 outcome of the race has been decided, the race meet operator distributes the percentage of the
16 total wagers determined by the commission to holders of tickets on the winning horses;

17 (6) "parimutuel pool" means the total of all wagers on all horses in a particular
18 race to win, to place, or to show, the total of all wagers on two or more horses in a particular
19 race to finish in a particular order, or the total of all wagers on all horses to win in combination
20 two or more races;

21 (7) "race meet" means an exhibition that includes horse races, where the
22 parimutuel system is used;

23 (8) "race meet operator" means the person who is authorized to conduct a race
24 meet sanctioned by the commission;

25 (9) "special permit" means a permit issued by the commission to participants in
26 a race meet, other than the race meet operator, under AS 05.45.110.

27 * Sec. 2. AS 18.65.090 is amended by adding a new subsection to read:

28 (b) Upon receipt of the fingerprints of the applicant and payment of the fee authorized
29 in AS 44.41.025(b) and 44.41.040, the department shall perform a criminal history records check
30 of the persons listed in AS 05.45.010(h) and shall report the results of those records checks to
31 the Department of Commerce and Economic Development.

1 * Sec. 3. AS 39.25.120(c) is amended by adding a new paragraph to read:

2 (21) employees of the Alaska Racing Commission.

3 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

4 (52) Alaska Racing Commission (AS 05.45.010).

5 * Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:

6 (57) Alaska Racing Commission (AS 05.45.010).

7 * Sec. 6. INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial
8 appointment of members of the Alaska Racing Commission within 120 days after the effective date of
9 this Act.

10 * Sec. 7. This Act takes effect July 1, 1992.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 16(JUD)

Revision Date: 4/19/91
Title: An Act establishing the Alaska Racing Commission
Sponsor: Representative Larson
Requestor: House Finance

Department Affected: Public Safety
BRU: DPS Statewide Support
Component: Administrative Services (R&I)

COMPONENT SERIAL NO.

	5	2	5
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER/PROG RCPT						
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

Estimate of current year impact none

ANALYSIS: (Attach a separate page if necessary) CSHB 16(JUD) requires the Department of Public Safety to conduct criminal history records checks of members and employees of the Racing Commission and of license applicants and their employees. As there is a fee for this service, and the DPS budget contains authority to receive and expend these fees, there will be no additional cost to the Department of Public Safety.

Prepared by: Gavle A. Horetski Phone: 465-4322
Division: Commissioner's Office Date: 4/19/91
Approved by Commissioner: Gavle A. Horetski Richard L. Burton
Agency: Department of Public Safety Date: 4/19/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 2
Bill Version: CSHB 16(JUD)
(H) Publish Date: _____

Revision Date: _____ Department Affected: _____
Title: "An Act establishing the Alaska Racing Commission." BRU: Legal Services
Sponsor: Representative Larson Component: Operations
Requestor: House Labor and Commerce COMPONENT SERIAL NO.

		9	3
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		100.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		100.0				

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		100.0				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared By: Richard I. Pegues, Director Phone: 465-3672
Division: Administrative Services Date: January 30, 1991
Approved by Commissioner: Charles E. Cole, Attorney General
Agency: Department of Law Date: January 30, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 16

This bill amends AS 05 by establishing the Alaska Racing Commission and by authorizing parimutuel wagering at sanctioned horse race events. The bill provides that the commission, and its staff, would be responsible for regulating all sanctioned events under a comprehensive regulatory scheme that covers nearly every aspect of race operations and wagering. It is our view that a substantial body of regulations will need to be drafted and adopted to carry out the purposes of this bill. We are therefore requesting \$100,000, as a one-time expense, to handle the drafting effort. We believe that this is the minimum amount necessary to insure proper regulatory oversight, if this form of legalized wagering is authorized in the state. Outside counsel costs for this purpose average about \$150 per hour.

It is also our view that at some point the Department of Law will become heavily involved in the operations of the racing commission if horse racing becomes well established. For example proposed AS 05.45.050, which spells out the duties and powers of the commission, provides that the commission's considerable regulatory activities shall be carried out in consultation with the attorney general. Furthermore, proposed AS 05.45.070 provides that the attorney general shall enforce the regulations of the commission.

Unfortunately, we cannot predict future legal costs because of our total lack of experience in this area. It is conceivable, however, that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to future racing activity. Because of the severe budget constraints being felt by the department it will be necessary to request additional funds when and if racing activities warrant, otherwise the department will not be able to fulfill its responsibilities under this bill.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHB 16

Revision Date: 4/19/91 Department Affected: Commerce & Economic Dev.
 Title: An Act establishing the Alaska BRU: Occupational Licensing
Racing Commission and authorizing Component: Administration
parimutuel wagering
 Sponsor: House Labor & Commerce Comm.
 Requestor: House Labor & Commerce Comm. **COMPONENT SERIAL NO.**

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	52.8	105.7	162.5	162.5	162.5
TRAVEL	0	10.3	12.1	13.5	13.5	13.5
CONTRACTUAL	0	20.4	40.8	25.8	25.8	25.8
SUPPLIES	0	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	0	11.6	0	0	0	0
LAND & STRUCTURES	0					
GRANTS, CLAIMS	0					
MISCELLANEOUS	0					
TOTAL OPERATING	0	97.6	161.1	204.3	204.3	204.3

CAPITAL	0	0	0	0	0	0
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REVENUE	0	68.4	261.4	522.8	522.8	522.8
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	97.6	161.1	204.3	204.3	204.3
FEDERAL FUNDS	0					
OTHER	0					
TOTAL	0	97.6	161.1	204.3	204.3	204.3

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED FOR ANALYSIS

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 4/19/91
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 4/19/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE ANALYSIS

CSHB 16

FY 93 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PY, Range 22A, 6 months	\$36,360.00
Clerk Typist III, PX, Range 8A, 6 months	<u>16,479.51</u>
SUB-TOTAL:	\$52,839.51

TRAVEL

FY 93: Three commission meetings in the Anchorage area at 2 days each. This travel assumes three commissioners are appointed from the Anchorage area, one from Fairbanks, and one from Juneau. The staff positions are located in Anchorage.

	TRAVEL	PER DIEM
3 Anchorage members (115 x 3 x 3)	\$ 0.00	\$2,070.00
1 Juneau to Anchorage (436 x 3)	1,308.00	1,035.00
1 Fairbanks to Anchorage (300 x 3)	900.00	690.00
1 Staff person	0.00	0.00
Director's Travel (one trip to inspect and review small racing commission operations in Michigan, Maine and New Hampshire)	1,200.00	1,000.00
1 Site inspection (2 Anch. mbrs)	0.00	230.00
1 Even: (8 days; 2 Anch. mbrs)	<u>0.00</u>	<u>1,840.00</u>
	\$3,408.00	\$ 6,865.00
SUB-TOTAL:		\$10,273.00

CONTRACTUAL

Postage, Communications, Printing, Advertising
and other operating costs. \$15,000.00

Office Space rent 5,400.00

SUB-TOTAL: \$20,400.00

SUPPLIES \$ 2,500.00

EQUIPMENT (one time costs only)

Desk, double pedestal, 70" x 36"	\$ 837.00	
Chair, swivel with arms	400.00	
Typewriter, IBM Selectric III	700.00	
Chair, side without arms	420.00	
Desk Calculator	220.00	
File Cabinet, 5-drawer, legal w/lock	553.00	
Table, 72" x 36"	324.82	
Wang Terminal	<u>2,350.00</u>	
	\$5,804.82 x 2	\$11,609.64

FY 93 TOTAL GENERAL FUND EXPENDITURES \$97,622.15

FY 93 REVENUE DETAIL

One six day event:

18,000 players (estimate based on 3,000 per day for six days)

Handle of \$504.0 in total receipts based on an average wager of \$28
(Montana's average)

A takeout of 35%, with a State share of 10%, equals generated State
Revenues of \$50.4 per event.

- \$1.00 per person gate fee equals \$18.0 in State Revenues (\$1.00 times 18,000
players)

- Various permit fees will also be charged based on regulations set by the
Racing Commission, but it is not possible to estimate the revenues that will
be generated by those fees at this time.

FY 93 ESTIMATED REVENUE TOTAL: \$68,400.00

FY 94 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PX, Range 22A, 12 months	\$ 72,721.53
Clerk Typist III, PX, Range 8A, 12 months	<u>32,959.03</u>
SUB-TOTAL:	\$105,680.56

TRAVEL

Four Commission meeting in Anchorage area	\$ 8,004.00
2 - Site inspections (two Anchorage Area members)	460.00
2 - Events (8 days; 2 Anch area Commissioners @ \$1840ea.)	<u>3,680.00</u>
SUB-TOTAL:	\$ 12,144.00

CONTRACTUAL

Postage, Communications, Printing, Advertising and other operating costs.	\$ 15,000.00
Office Space rent	10,800.00
Contractual costs to provide services of an auditor and Investigator.	<u>\$ 15,000.00</u>
SUB-TOTAL:	\$ 40,800.00

SUPPLIES	\$ 2,500.00
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FY 94 TOTAL GENERAL FUND EXPENDITURES	\$161,124.56
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FY 94 REVENUE DETAIL:

- Two (2) six day events:

34,400 players per event (estimate based on 5,700 players per day during each six day event)

Handle of \$963.2 in total receipts at each six-day event based on an average wager of \$28 (Montana's average)

A takeout of 35%, with a State share of 10%, equals generated State Revenues of \$96.3 per event, or \$192.6 for the two events

- \$1.00 per person gate fee for the two events equals \$68.8 in revenue (\$1.00 times 68,800 people equals \$68.8)

- Various permit fees will be charged by the Racing Commission, pending the adoption of regulations setting those fees, it is not possible to estimate that additional revenue for this fiscal note.

FY 94 ESTIMATED REVENUE TOTAL: \$261,400.00

FY 95 EXPENDITURE DETAIL

PERSONAL SERVICES

Executive Director, PX, Range 22A, 12 months	\$ 72,721.53
Clerk Typist III, PX, Range 8A, 12 months	32,959.03
Auditor, PX, Range 18A, 6 months	28,382.68
Investigator III, PX, Range 18A, 6 months	<u>28,382.68</u>
SUB-TOTAL:	\$162,445.92

TRAVEL

Four Commission meeting in Anchorage area	\$ 8,004.00
3 - Site inspections (by 3 members from Anchorage area and one from Fairbanks) (2 Anch. P/D = 230 x 2 inspections = 460) (1 Anch. P/D = 115 + FBX Airfare = \$300 + 115 = 530)	990.00
4 - Events (8 days; by 3 members from Anchorage area and one from Fairbanks) (2 Anch. mbrs.: \$115 x 8 x 2 = 1840) (1 Anch. mbr.: \$115 x 8 x 2 = 1840 + 1 Fbx. mbr.: \$300 + \$115 x 9 (extra day) x 2 = 2670)	<u>4,510.00</u>
SUB-TOTAL:	\$ 13,504.00

CONTRACTUAL

Postage, Communications, Printing, Advertising and other operating costs.	\$ 15,000.00
Office Space rent	<u>10,800.00</u>
SUB-TOTAL:	\$ 25,800.00

SUPPLIES \$ 2,500.00

FY 95 TOTAL GENERAL FUND EXPENDITURES \$204,249.92

FY 95 REVENUE DETAIL:

- Four (4) six day events:

34,400 players per event (estimate)

Handle of \$963.2 in total receipts based on an average wager of \$28 (Montana's average)

A takeout of 35%, with a State share of 10%, equals generated State Revenues of \$96.3 per event, or \$385.2 for the four estimated events.

- \$1.00 per person gate fee per event generates \$137.6 in revenue (\$1.00 times 34,400 times four events)

- Various permit fees will be assessed and generate revenue; however, pending the adoption of regulations setting those fees, it is not possible to identify or estimate those revenues for this fiscal note.

FY 95 ESTIMATED REVENUE TOTAL:

\$522,800.00

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: _____
Title: "An Act establishing the Alaska
Racing Commission and...etc..."
Sponsor: Rep. Larson
Requestor: House Labor & Commerce

Department Affected: Public Safety
BRU: Alaska State Troopers
Component: Criminal Investigation Bureau

COMPONENT SERIAL NO.

	8	3	0
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EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not Included)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	35.8	35.8	35.8	35.8	35.8	35.8
TRAVEL						
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	2.0	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	52.8	42.8	42.8	42.8	42.8	42.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	52.8	42.8	42.8	42.8	42.8	42.8
FEDERAL FUNDS						
OTHER/PROG RCPT						
TOTAL						

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact _____

ANALYSIS: (Attach a separate page if necessary)
The estimated 235 investigations will be primarily of an administrative nature and are not anticipated to require more than oversight of a Clerk III by State Trooper personnel. First year equipment costs include the cost for a word processor/microcomputer and office furniture.

Prepared by: Francis C. Allan Phone: 269-5691
Division: Alaska State Troopers Date: January 29, 1991
Approved by Commissioner: *Richard L. Burton* Richard L. Burton
Agency: Department of Public Safety Date: January 30, 1991

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Determining if a person has ever been CHARGED, as required by the amendment under Sec. 2. AS 18.65.080(b), with a crime as set out in AS 05.45.010 (c) entails investigative work beyond solely running a Criminal History Record Information (CHRI) inquiry through the state and federal computer systems. Because criminal charges may be brought against a person without the normal arrest procedures occurring (including fingerprinting for records and identification purposes), it will be necessary to communicate directly with those law enforcement agencies where the persons identified in AS 18.65.080(b)(1)-(4) may have resided during their adult lives. This is necessary to ensure, to the fullest extent possible, that the criminal backgrounds of those who were CHARGED but never arrested and convicted are reported as required by the language of this bill.

This procedure would be handled by requiring that each applicant submit a personal history statement to the Department of Public Safety which listed all of the places in which they had lived as an adult. Letters of inquiry would then be sent to the appropriate law enforcement agencies in that locale requesting information about any crimes CHARGED as specified in this bill. It is anticipated that this function would be handled by clerical staff. It should be noted that this procedure will be extremely slow in receiving data back from these agencies as such inquiries are generally not considered an important priority. Delays of 60 to 90 days or more should be anticipated.

Because the proposed activities described in this bill address events and activities not presently occurring in Alaska, there is little or no hard data available on which to base the estimate of the numbers of inquiries which would have to be made. The bill itself identifies the following groups of persons on whom background checks must be made. With the exception of the Commissioners, all numbers are estimates:

1. Commissioners (5)
2. Race meet operators (5)
3. Animal owners (20)
4. Trainers (20)
5. Jockeys (10)
6. Drivers (10)
7. Attendants (20)
8. Grooms (20)
9. Stable persons (20)
10. Veterinarians (5)
11. Concessionaires (20)
12. Concessionaire employees (60)
13. Other employees of race meet operator (20)

This is a total of 235 prospective applicants who must be processed under AS 18.65.080. It is expected that a minimum of five mailings per applicant will be required which means that approximately 1200 inquiries will be processed. Along with the correspondence there will be an attendant responsibility to manage the files and create reports to the Commission on each of the applicants.

Parimutuel Wagering

HB 16

Establishing the Alaska Racing Commission and Authorizing Parimutuel Wagering

Representative Ronald Larson

QUESTIONS ABOUT HB16 AND PARIMUTUEL WAGERING

What is parimutuel wagering?

Parimutuel wagering is a system of betting which dates back to the mid 1800's. This type of wagering differs from typical gambling by virtue of the fact that the odds are not arbitrary. Parimutuel wagering occurs when all collective bettors pool their wagers together. The total amount wagered versus the individual bets determines the amount which is divided among the winners.

Where has support been shown for parimutuel wagering?

Both the cities of Palmer and Wasilla had an advisory proposition placed on the ballot in the 1986 municipal election concerning parimutuel wagering. (please see attachments)

The results in Palmer were 62% in favor of the concept of local option parimutuel horse racing. The results in Wasilla were 63% in favor. Also, the Matanuska-Susitna Borough passed a resolution of support for local option parimutuel wagering.

What are some benefits of parimutuel wagering?

The most obvious benefit would be the generation of the racing business itself by the private sector. Infrastructure, such as breeding, training, and racing facilities will be an incentive for the construction industry. Additionally, racing will create a destination and accompanying services for tourism activities. This business can also add an entertainment feature at events such as our state fairs.

How is parimutuel wagering different from other games of chance and skill?

Oversight and regulation is much greater. The complexities of the wagering system and accompanying safeguards were built into it purposefully.

The most important thing about this type of racing is the controlled conditions which will guarantee the integrity of the race. Sophisticated racing equipment would be rented from outside; this is very normal procedure elsewhere, where racing is on a similarly small scale.

HB 16 legislates parimutuel guidelines which will disallow abuse. The regulatory nature of the Commission coupled with the required equipment enhance the parimutuel system to offset tampering and ensure security.

What time frames are envisioned for development?

After the local endorsement of the voters, preparation time could be six months to several years, depending on the level of development. A racing season would be for approximately 10 weeks, with both the Alaska and Tanana Fairs as the more probably exhibitions.

Parimutuel professionals tell us that an average scenario would include typically eight races a day, with eight entries per field. Estimates indicate that 270 animals would be required for a successful start up.

What are the fiscal implications for parimutuel wagering?

Our expectation for the fiscal note is relatively small, based on the assumption of a 10 week season. The Commission will be providing the initial professional expertise in the preparation of regulations, public hearings, and paperwork. Based on the development of races and facilities, the staffing requirements would follow the same growth curve.

What is the role of the Alaska Racing Commission?

The Commission will regulate racing and parimutuel wagering. Their wide range of regulatory responsibilities are outlined clearly in the bill, including their specific enforcement powers regarding prohibited acts and penalties.

The Commission shall adopt regulations; appoint officials; supervise and distribute the pool; ascertain standards for veterinaries, equipment, audits, and other related matters; license races; inspect racetracks and animals; establish dates, durations, locations, fees; account for all records, collections and disbursements; hire staff; - compel witnesses; and appoint hearing officers.

Who is a "typical participant" in parimutuel wagering?

Studies have shown that participants are generally white collar workers with one or more years of higher education and an income of \$35,000 or more.

Is parimutuel allowed in other states?

Currently 37 states allow parimutuel wagering for either horse racing, dog racing, or both.

SAMPLE BALLOT

To Be Removed by Election Judge

To Be Removed by Election Judge

FOLD TO THIS LINE

CITY OF PALMER GENERAL ELECTION

October 7, 1986

-
- Mark only by use of cross marks, "X" marks, check or plus signs. Place marks in squares.
 - Marks must be inside or touching the squares so as to indicate the intent of the voter. Erasures and corrections will invalidate only that part of the ballot on which it appears.
 - If you spoil or mar your ballot you may return it to the election judge and receive another ballot.
-

Mayor

Three Year Term
(Vote for not more than One)

GEORGE W. CARTE'

Council

Three Year Term
(Vote for not more than Two)

ROBERT M. "RED" HENDERSON

JEANNINE L. JOHNSON

Advisory Proposition No. 1

"Do You Support the Concept of Local Option Pari-Mutuel Horse Racing?"

Yes

No

ATTACHMENT "A"

ELECTION WORKSHEET REGULAR ELECTION 10-7-66

SEAT "C" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	037	038	037	039	037	038		
MOSLEY, VINCENT T.	168	108	12	11	0	0	299	47.54%
PATTERSON, DONALD C.	177	130	11	7	0	0	325	51.67%
WRITEINS	3	2	0	0	0	0	5	.79%
TOTAL	348	240	23	18	0	0	629	100.00%

SEAT "D" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	037	038	037	038	037	038		
BEUTLER, CLYDE	93	66	3	7	0	0	169	26.04%
CARNEY, DOMONIC	129	127	13	6	0	0	275	42.37%
GROB, DONALD (RICK)	125	63	7	8	0	0	203	31.28%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	349	256	23	21	0	0	649	100.00%

SEAT "E" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	037	038	037	038	037	038		
HJELLEN, PAT	157	108	13	12	0	0	290	43.22%
KEMP, MICHAEL	207	151	10	10	0	0	378	56.33%
WRITEINS	2	1	0	0	0	0	3	.45%
TOTAL	366	260	23	22	0	0	671	100.00%

SEAT "F" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	037	038	037	038	037	038		
CARTER, THOMAS L.	157	149	10	5	0	0	321	50.00%
NAV, TERRY R.	69	46	1	2	0	0	118	18.38%
POSEY, DONALD R.	118	59	12	12	0	0	201	31.31%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	346	254	23	19	0	0	642	100.00%

ELECTION OF 1966

CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	037	038	037	038	037	038		
BUSHNELL, MILLET E.	0	27	2	2	0	0	31	14.15
COTTLE, COLLEEN S.	27	21	1	1	0	0	50	7.00
DeCAMP, RICHARD J. (C)	41	43	2	5	0	0	117	15.39
LANGILL, FRANK S.	14	0	0	0	0	0	23	3.22
MCCARTHY, RAYMOND P.	15	10	0	0	0	0	25	3.50
MARTIN, ED SR.	55	31	5	2	0	0	99	13.87
NEWCOMB, HAROLD S.	0	0	7	7	0	0	14	2.47
PAGE, DOROTHY G.	57	44	3	5	0	0	104	14.57
WRITEINS	5	1	0	0	0	0	6	.81
TOTALS	385	285	24	22	0	0	714	100.00

ADVISORY QUESTIONNAIRE

PARI-MUTUEL HORSE RACING

	037	038	037	038	037	038	TOTAL	%
YES	181	181	15	16	0	0	393	61.99
NO	130	99	6	6	0	0	241	38.01
TOTAL	311	280	21	22	0	0	634	100.00

CITY OF PALMER SPECIAL CITY COUNCIL MEETING MINUTES - OCTOBER 9, 1986

June Tull	Council	1	0	1
Eve Hermon	Council	1	0	1
Roger Saunders	Council	1	0	1
S. Luse	Council	1	0	1
Dorothy Saxton	Council	1	0	1
Jerry Hann	Council	3	0	3
ADVISORY PROPOSITION NO. 1	YES	264	6	270
	NO	155	1	156

There was a total of 464 votes cast.

MOVED BERBERICH, SECONDED JOHNSON to certify the election results as presented. MCU.

2. Award Bid - Water Well.

On October 3, 1986 bids were opened for the new water well located at the southwest corner of the airport. Two bids were received, one from RG&B Contractor for \$74,400 and the other from M-W Drilling for \$44,428. The administration recommended award to M-W Drilling as the low bidder. There were no irregularities in either of the bids.

MOVED BERBERICH, SECONDED PIPPEL to award the bid for the new water well to M-W Drilling, the low bidder in the amount of \$44,428. MCU.

3. Award Bid - Runway Paving.

Bids were opened at 10:30 A.M. today for the runway paving project. Three bids were received as follows: Hermon Brothers for \$159,166.80; Wilder Construct for \$163,300 and Rasco for \$309,630. The engineer's estimate was \$185,350. The administration recommended award to the low bidder, Hermon Brothers in the amount of \$159,166.80. These bids were reviewed by both the engineer and attorney and there were no irregularities.

MOVED BERBERICH, SECONDED LONG to award the Runway Paving bid to the low bidder, Hermon Brothers in the amount of \$159,166.80. MCU.

4. Award Bid - Town Square Project.

Four bids were received and opened at 11 A.M. today on the town square earthwork project which entails contouring the land and building berms. Bids were received from: Alaska Central Construction for \$12,800; Kopperud Transportation for \$21,695; Hermon Brothers for \$27,758; and Ohno Construction for \$35,280. The engineer's estimate was \$17,500. The administration recommended awarding this bid to the low bidder, Alaska Central Construction in the amount of \$12,800. These bids were also reviewed by the attorney.

MOVED LONG, SECONDED JOHNSON to award the Town Square Earthwork to the low bidder, Alaska Central Construction in the amount of \$12,800. MCU.

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D. ADJOU

DAVID L.

Presented by: Silvers
Introduced: -03/03/87
Drafted by: G.L.S.

MATANUSKA-SUSITNA BOROUGH

Resolution Serial No. 87-~~032~~

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SUPPORTING
HOUSE BILL 32 AND SENATE BILL 63.

WHEREAS, the Alaska State Legislature has pending before it House Bill 32 and Senate Bill 63 that would authorize state controlled parimutuel betting on horse and dog racing where approved at a local option election, and

WHEREAS, the voters in the cities of Palmer and Wasilla have previously approved in an advisory vote the conduct of certain parimutuel wagering within their boundaries, and

WHEREAS, parimutuel wagering would create a direct source of revenue for the state and thereby reduce the need for new or increased state taxes, and

WHEREAS, authorization of parimutuel wagering would make possible a new, non-polluting industry in Alaska, and

WHEREAS, horse and dog racing in the borough would create a demand for feed, pasture and other agricultural products and services related to animal husbandry that are readily available in the borough, and

WHEREAS, horse and dog racing in the borough would be a tourist attraction for Alaska, bringing visitors from other states as well as other areas of Alaska, and

WHEREAS, horse and dog racing in the borough would generate additional use of the Alaska Railroad; and

WHEREAS, construction and operation of a race track and associated facilities and concessions in the borough would provide new employment opportunity for Alaskans;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH:

1. That the Assembly supports the concept of state controlled parimutuel wagering on horse and dog racing when locally approved and as generally set out in House Bill 32 and Senate Bill 63 and strongly urges the legislature to adopt legislation authorizing parimutuel wagering on such racing.

2. That copies of this resolution be sent to The Honorable Steve Cowper, Governor of the State of Alaska, and to each member of the Alaska Legislature.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 4th day of March, 1987.

Dorothy A. Jones
Dorothy A. Jones, Mayor

ATTEST:

Chris Seagraves
Chris Seagraves, Clerk

(SEAL)



CITY OF WASILLA

P.O. BOX 870430
WASILLA, ALASKA 99687
PHONE: 376-5227

Requested by: Mayor Bumpus
Prepared by: Mayor's Office

RESOLUTION NO. WB5-J-6

A RESOLUTION OF THE CITY OF WASILLA SUPPORTING LOCAL OPTION FOR PARI-MUTUEL GAMBLING.

WHEREAS, the State of Alaska no longer has the funds to support local Capital Improvements that accomodates current growth patterns; and

WHEREAS, it is the City of Wasilla's goal to become financially independent, if possible; and

WHEREAS, Pari-Mutuel Gambling would enhance economic development and provide a major tax revenue source for the City of Wasilla;

NOW, THEREFORE BE IT RESOLVED that the City of Wasilla supports local option for pari-mutuel gambling.

I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this 12th day of August, 1985.

APPROVED:

Charles H. Bumpus, Mayor

ATTEST:

Erling P. Nelson, City Clerk, CMC

(SEAL)

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

March 18, 1991

SUBJECT: Confirmation of Alaska Racing Commission members (CSHB 16())

TO: Representative Dave Donley, Chair
House Judiciary Committee
Attn: Hayden Kaden

FROM: John B. Gaguine ^{RG}
Legislative Counsel

You have asked some questions regarding the members of the Alaska Racing Commission that would be created by CSHB 16(). This memorandum will address those questions.

1. If legislation creating the commission is enacted, would those members be subject to confirmation by the legislature under Article III, Section 26 of the Alaska constitution? Yes. The commission would clearly be a regulatory agency under that section.
2. Does that section of the constitution require the law creating the Alaska Racing Commission to provide for legislative confirmation? No. The section is self-executing; it does not require legislation to put it into effect. The law would be read as though it included the confirmation language.

It could be argued that the failure of a law to include the confirmation language meant that the legislature had waived its right to confirm. I do not think that this argument would convince a court, because the language of Article III, Section 26 is mandatory; members of regulatory agencies shall be subject to confirmation. I do not think that the legislature may waive confirmation any more than it could waive the three-reading requirement or the single-subject rule. However, it certainly would be a good idea to include the confirmation language in CSHB 16().

3. If a bill either included a confirmation requirement when one was not constitutionally allowed, or failed to include one when it had to be included, would that invalidate the entire bill? No. As to the first situation, inclusion of an unconstitutional provision in a bill does not invalidate the entire bill unless the court concludes that

Representative Dave Donley

March 18, 1991

Page 2

the legislature would not have enacted the bill without the unconstitutional provision. It would seem wholly unreasonable here to say that the legislature would not have enacted CSHB 16() if it could not confirm Alaska Racing Commission members. See also AS 01.10.030 (establishing a presumption of severability, although one labeled "weak" by the Alaska Supreme Courts). As to the second situation, I believe that the court would apply the rule that a statute will be upheld if it can be construed in a constitutional manner. As noted above, I think that that means that the court would read a confirmation requirement into the bill even if the bill did not include one.

I hope that this has been helpful to you. Please feel free to contact me if I can be of further assistance.

JBG:gc

91-151.glc

Horse Racing At The Fair



TRIPLE TUFF leads the field in one of last year's races at the new Alaska State Fair race track south of Palmer.

Riding is Bobby McCarthy Jr. Triple Tuff is now owned by Len and Marsha Melton.

Photo Finish At State Fair

Nearly 1,000 people gathered at the Alaska State Fair race track in Palmer over the weekend to watch 22 horses with one race so close only the photo finish camera could tell the winner. Great interest has generated among the crowd in racing.

Friday night the 220 winner was Pow Wow Gidget owned by Ellis Enterprises and ridden by Dana Richmond; second Thanks Doc, owner Jinx Coster, jockey Sissy Melton; third was Dungaree ridden by Steve Clark and owned by Dennis Clark. In the 350, Doc won over Pow Wow Gidget.

The 440 saw Babe's Twig owned and ridden by Cecil Premus take the race with Triple Tuff owned by Len Melton, ridden by Hoot Melton, hot on his heels and Moon's Hotshot, Ellis Enterprises and jockey Dana Richmond taking third. Just a Bird and Mac's Little Kid also ran.

General Bars ridden by Bob McCarthy, owner Dennis Clark, won over Nile Queen ridden by Kris Roetman, owned by Emmett Roetman. Both are thoroughbreds.

An exciting cow pony race

with eight entries had only a third place winner, Dunny owned and ridden by Kelly Wilson. The first and second place animals were disqualified for fouls.

Outstanding weather contributed to standing room only for Saturday afternoon racing. Pow Wow Gidget took Thanks Doc and Ragged Ann owned by Esther Erikson and ridden by Terry Erickson in the 220.

The next racing date will be Saturday and Sunday at 2 p.m. on July 6 and 7. Race horse owners may practice at the Alaska State Fair, Inc. race track one mile from Palmer on Tuesday and Thursday evenings, 7:30-9:30 p.m. and Sunday afternoon from 2-4 p.m. (except on racing days). Ed Premus will be the gate keeper while Vernon France is on vacation.