

SB

4

Delivered To Senate Secretary

SEVENTEENTH LEGISLATURE
SENATE JUDICIARY COMMITTEE BILL FILE

BILL NUMBER: SB 4
ABBREVIATED TITLE:

Gaming Commission

SPONSER: Zhauff Jones ORIGINAL RECEIVED: April 19, 1991
WRITTEN REQUEST TO SCHEDULE REC'D: _____ FROM: _____
SPONSER'S STATEMENT REC'D: _____ FROM: _____
SECTIONAL ANALYSIS RQST'D: _____ FROM: _____
SECTIONAL ANALYSIS RECEIVED: _____
FISCAL NOTE (ORIGINAL)

RQST'D OF: _____ REC'D FROM: Section 3994 DATE: With Bill
RQST'D OF: _____ REC'D FROM: _____ DATE: _____
RQST'D OF: _____ REC'D FROM: _____ DATE: _____

FISCAL NOTE (C.S.)

RQST'D OF: _____ REC'D FROM: OCC fee DATE: With File
RQST'D OF: _____ REC'D FROM: _____ DATE: _____
RQST'D OF: _____ REC'D FROM: _____ DATE: _____

FIVE DAY NOTICE GIVEN: _____ NOTICE OF HEARINGS GIVEN: 4-25-91
COMMITTEES OF REFERRAL: FIRST: LJC SECOND: Jud THIRD: Fin

COMMITTEE ACTION

Legislative Draftsman

DATE:

4-30-91

Moved CS adding Sunset
Passed out on Ord Re. Requested final
CS for LAA
Delivered to Sen Sec -

May 15 -

Sen Pearce in Indian for Bill. Computer says
we still have it. I checked - Sen Sec Found
it and will move it. Says nothing else need
to do.

PERSONS TO BE NOTIFIED OF HEARING

- | | |
|------------|-----------|
| 1. SPONSOR | 6. _____ |
| 2. AGENCY | 7. _____ |
| 3. _____ | 8. _____ |
| 4. _____ | 9. _____ |
| 5. _____ | 10. _____ |

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 4

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act establishing the Alaska BRU: Occupational Licensing
Gaming Commission Component: Administration
 Sponsor: Senator Zharoff
 Requestor: Senator Zharoff COMPONENT SERIAL NO.

	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	289.1	289.1	289.1	289.1	289.1	289.1
TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	5.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	399.1	352.1	352.1	352.1	352.1	352.1

CAPITAL						
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REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND *	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS						
OTHER						
TOTAL	399.1	352.1	352.1	352.1	352.1	352.1

*Funding source is General Fund in bill as proposed.

POSITIONS:	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
FULL-TIME	5	5	5	5	5	5
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS has no change to operating Funding, Expenditures or Revenue.

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: _____
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 4-11-91

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

FISCAL NOTE ATTACHMENT - SB 4

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees that transferred with the program was five: one Auditor and one Investigator located in Anchorage, one Auditor, one Tax Examiner and one Clerk Typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one Investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill establishes a five-member Alaska Gaming Commission giving it the authority to license, regulate and enforce gaming statutes and regulations.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff, especially in the area of audits and investigations. Presently, the gaming program has only two investigators which is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the growing number of permittees, operators and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of an Executive Director (based on our recommendation in the bill analysis), a Secretary to be utilized for Commission business and during their meeting(s), and a Records and Licensing Supervisor to oversee the licensing staff. We feel if this Commission is to effectively administer this program, they must be provided with the proper staff to do it. Without these positions, there is no reason to consider this legislation. You cannot accomplish the mandate of the law without being able to administer proper enforcement.

The \$399.1 required includes \$30.0 in travel to fund the cost of widespread travel to various communities and for Commission meetings quarterly, as well as \$50.0 to purchase the necessary workstations, computers and software. The required \$5.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily increase as more and more charitable organizations search for other sources of revenue in light of other sources becoming less available.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue will be generated the first year. While the amount of funds generated is considerably less than projected costs, other gaming revenue sources will more than compensate for the difference. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and strive towards voluntary compliance. During FY 91, the Gaming program generated \$1.6 million in revenue.

**FISCAL NOTE ATTACHMENT
SB 4**

OPERATING EXPENDITURES

<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>			
Executive Director	26	\$90.1	
Investigator III	18	\$56.4	
Auditor III	18	\$56.4	
Records and Licensing Supervisor	16	\$50.0	
Secretary I	10	\$36.2	
			\$289.1
<u>Travel:</u>			
Five-Commission Members		\$15.0	
Executive Director		\$ 5.0	
Investigator		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 30.0
<u>Contractual:</u>			
Lease Space			\$ 20.0
Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>			
Executive Director		\$ 1.0	
Investigator III		\$ 1.0	
Auditor III		\$ 1.0	
Licensing Supervisor		\$ 1.0	
Secretary		\$ 1.0	
			\$ 5.0
<u>Equipment:</u>			
Executive Director		\$10.0	
Investigator III		\$10.0	
Auditor III		\$10.0	
Licensing Supervisor		\$10.0	
Secretary I		\$10.0	
			\$ 50.0
TOTAL COST			\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

Equipment represents the cost for a workstation and computer.

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office in 450 sq. ft., this space is inadequate for current needs and, with the increase demand with the commission, new space is a requirement.

REQUEST FOR NEW HIRE

POSITION TITLE: Executive Director
RANGE/STEP: 26a
SERVICE: Partially Exempt
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$67.8
Benefits \$22.3

Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0
COMMODITIES:* \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$106.1

FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- o Occasionally assist the auditor(s) in gathering information/documentation.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done.

REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor
RANGE/STEP: 16a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$35.5
Benefits \$14.5

Total Personal Services: \$50.0

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$61.0

FUNDING SOURCE:

Funding source is general fund \$61.0

POSITION DUTIES:

- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by either the Gaming Program Manager or the Executive Director.

REQUEST FOR NEW HIRE

POSITION TITLE: Secretary I
RANGE/STEP: 10b
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$24.6
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$47.2

FUNDING SOURCE:

Funding source is general fund \$47.2

POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 4

Revision Date: _____ Department Affected: Commerce & Economic Dev.
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Gaming Commission Component: Administration
 Sponsor: Senator Zharoff
 Requestor: Senator Zharoff COMPONENT SERIAL NO.

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TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
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EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	399.1	352.1	352.1	352.1	352.1	352.1

CAPITAL						
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REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND *	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS						
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*Funding source is General Fund in bill as proposed.

POSITIONS:

FULL-TIME	5	5	5	5	5	5
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: _____
 Approved by Commissioner: Glenn A. Olds
 Agency: Department of Commerce & Economic Development Date: 2-22-91

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

FISCAL NOTE ATTACHMENT - SB 4

EXPENDITURES AND REVENUES

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FISCAL NOTE ATTACHMENT
SB 4

OPERATING EXPENDITURES

<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>			
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<u>Travel:</u>			
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Investigator		\$ 5.0	
Auditor III		\$ 5.0	
			\$ 30.0
<u>Contractual:</u>			
Lease Space			\$ 20.0
Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>			
Executive Director		\$ 1.0	
Investigator III		\$ 1.0	
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Licensing Supervisor		\$ 1.0	
Secretary		\$ 1.0	
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Investigator III		\$10.0	
Auditor III		\$10.0	
Licensing Supervisor		\$10.0	
Secretary I		\$10.0	
			<u>\$ 50.0</u>
TOTAL COST			\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

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REQUEST FOR NEW HIRE

POSITION TITLE: Executive Director
RANGE/STEP: 26a
SERVICE: Partially Exempt
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$67.8
Benefits \$22.3

Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0
COMMODITIES:* \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$106.1

FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
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Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
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COMMODITIES: \$ 1.0
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Total Cost \$72.4

FUNDING SOURCE:

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POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
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REQUEST FOR NEW HIRE

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RANGE/STEP: 16a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$35.5
Benefits \$14.5

Total Personal Services: \$50.0

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$61.0

FUNDING SOURCE:

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POSITION DUTIES:

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- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
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Responsibility for the day-to-day operations will be shouldered by either the Gaming Program Manager or the Executive Director.

REQUEST FOR NEW HIRE

POSITION TITLE: Secretary I
RANGE/STEP: 10b
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$24.6
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$47.2

FUNDING SOURCE:

Funding source is general fund \$47.2

POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

SECTIONAL ANALYSIS - Sen. Zharoff
CSSB 4 (L&C)-ESTABLISHING THE ALASKA GAMING COMMISSION

SECTION 1: Establishes the Alaska Gaming Commission in AS 05.15 (Games of Chance & Contests of Skill). The commission would consist of 5 members appointed by the governor who must be state residents and must never have been convicted of a felony or an offense relating to gambling. One member shall be from each of the four Judicial Districts and one member shall be from anywhere in the state. Members of the Commission may not be operators, distributors or elected officials of the state or political subdivisions. Commission members would serve 4 year staggered terms, may not serve more than 8 years, and may be removed from office by the governor for cause including negligence of duty; incompetence; or misconduct in office. Members would be entitled to per diem and travel expenses. This section also delineates that the commission shall license, regulate and supervise games of chance & contest of skill under AS 05.15; hire an executive director and staff as necessary; meet at least every three months; and adopt regulations necessary to implement AS 05.15. This section also allows the commission to appoint hearing officers and clarifies that the executive director is partially exempt and the other employees are classified. In addition, the bill also states that the Attorney General shall enforce the regulations of the commission; that records of the commission are public except for records relating to audits and investigations of the commission; that all proceeds of the commission go into the general fund; that the commission is subject to the Administrative Procedures Act; and that the commission is subject to the conflict of interest statutes.

SECTION 2: AS 05.15.010 currently states that the Dept. of Commerce & Economic Development shall administer AS 05.15.

Section 2 of this bill replaces that language and states that the Alaska Gaming Commission would administer this chapter.

SECTION 3: Adds a new subsection prohibiting the commission from issuing a permit or license for gaming to anyone who has been a member of the Commission within the last year.

SECTION 4: Adds a new section prohibiting a person who has been a member of the Commission within the last year from being a member in charge.

SECTION 5: Removes the Commissioner of DC&ED from the definitions section of AS 05.15 and replaces it with "commission" since, under this bill, the Alaska Gaming Commission rather than the Department of Commerce & Economic Development would be administering gaming.

SECTION 6: Makes a change to the definition of gambling in the criminal law statutes by removing the reference to the Department of Commerce & Economic Development since gaming activity would be administered by the Commission.

SECTION 7: States that the Department of Public Safety shall determine whether a person appointed by the governor to serve on the commission has been convicted of a felony or a gambling offense.

SECTION 8: Adds a new subsection to include the executive director of the Alaska Gaming Commission to the list of partially exempt employees.

SECTION 9: Adds a new subsection to include the Alaska Gaming Commission under the Conflict of Interest Statutes.

SECTION 10: Adds a new subsection to include the Alaska Gaming Commission with the entities that must comply with the Administrative Procedures Act.

SECTION 11: Removes the definition of the "department" under AS 05.15 as it would no longer apply if the commission is established and removes the regulation of games of chance & contest of skill from the duties of the Department of Commerce & Economic Development since these would become duties of the commission.

SECTION 12: Requires the governor to make the appointments to the commission within 120 days after the effective date of this bill and requires that the governor set the terms of the initial members as follows: 2 members for 4 years; 1 member for 3 years; 1 member for 2 years; and 1 member for 1 year.

SECTION 13: States that any regulations in place pertaining to games of chance or contests of skill prior to July 1, 1991 and regulations on these matters in effect on the effective date of this bill remain in effect until the commission adopts new regulations. In addition, DC&ED will administer AS 05.15 from the effective date of this bill until the members of the commission are appointed.

SECTION 14: Allows the revisor of statutes and the assistant attorney general assigned to review regulations the latitude to clean up statute and regulation with regard to the administration of AS 05.15 and references to the "department" or "commissioner" should be read as referring to the Alaska Gaming Commission.

SECTION 15: Gives this legislation an effective date of July 1, 1991.

SECTIONAL ANALYSIS - Sen. Zharoff
SB 4-ESTABLISHING THE ALASKA GAMING COMMISSION

SECTION 1: Establishes the Alaska Gaming Commission in AS 05.15 (Games of Chance & Contests of Skill). The commission would consist of 5 members appointed by the governor who must be state residents and must never have been convicted of a felony or an offense relating to gambling. Commission members would serve 4 year staggered terms and may be removed from office by the governor for cause including negligence of duty; incompetence; or misconduct in office. Members would be entitled to per diem and travel expenses. This section also delineates that the commission shall license, regulate and supervise games of chance & contest of skill under AS 05.15; hire staff as necessary; and adopt regulations necessary to implement AS 05.15. This section also allows the commission to issue subpoenas; produce the records of persons licensed to conduct gaming; and appoint hearing officers if any are required by AS 05.15 or regulations adopted under it. This section also clarifies that employees of the commission are partially exempt; that the Attorney General shall enforce the regulations of the commission; that all records of the commission are public; all proceeds of the commission go into the general fund; that the commission is subject to the Administrative Procedures Act; and that the commission is subject to the conflict of interest statutes.

SECTION 2: AS 05.15.010 currently states that the Dept. of Commerce & Economic Development shall administer AS 05.15. Section 2 of this bill replaces that language and states that the Alaska Gaming Commission would administer this chapter.

SECTION 3: Removes the Commissioner of DC&ED from the definitions section of AS 05.15 and replaces it with "commission" since, under this bill, the Alaska Gaming Commission rather than the

Department of Commerce & Economic Development would be administering gaming.

SECTION 4: Makes a technical change to the definition of gambling in the criminal law statutes. The only change to the definition is on page 4, line 3. Subsection C of the bill says, "an activity authorized under AS 05.15." Current law under subsection C says, "an activity authorized by the commissioner of commerce & Economic Development under AS 05.15."

SECTION 5: States that the Department of Public Safety shall determine whether a person appointed by the governor to serve on the commission has been convicted of a felony or a gambling offense.

SECTION 6: Adds a new subsection to include employees of the Alaska Gaming Commission to the list of partially exempt employees.

SECTION 7: Adds a new subsection to include the Alaska Gaming Commission under the Conflict of Interest Statutes.

SECTION 8: Adds a new subsection to include the Alaska Gaming Commission with the entities that must comply with the Administrative Procedures Act.

SECTION 9: Removes the definition of the "department" under AS 05.15 as it would no longer apply if the commission is established and removes the regulation of games of chance & contest of skill from the duties of the Department of Commerce & Economic Development since these would become duties of the commission.

SECTION 10: Requires the governor to make the appointments to the commission within 120 days after the effective date of this bill and requires that the governor set the terms of the initial members as follows: 2 members for 4 years; 1 member for 3 years; 1 member for 2 years; and 1 member for 1 year.

SECTION 11: States that any regulations in place pertaining to games of chance or contests of skill prior to July 1, 1991 and regulations on these matters in effect on the effective date of this bill remain in effect until the commission adopts new regulations. In addition, DC&ED will administer AS 05.15 from the effective date of this bill until the members of the commission are appointed.

SECTION 12: Allows the revisor of statutes and the assistant attorney general assigned to review regulations the latitude to clean up statute and regulation with regard to the administration of AS 05.15 and references to the "department" or "commissioner" should be read as referring to the Alaska Gaming Commission.

SECTION 13: Gives this legislation an effective date of July 1, 1991.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERENCE

DATE: 1/21/91

FURTHER: Judiciary
Finance

Date of 5-Day Notice: 3-14-91
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 4-16-91

L&C Committee considered SENATE BILL NO. 4

"An Act establishing the Alaska Gaming Commission; and providing for an effective date."

and recommended:

- replace with _____ CS SB 4 (L+C) same title
- attached amendment(s) new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) COMMERCE 12-22-91
COMMERCE 4-11-91

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

D. Graham NO REC.
Rick Halford NO REC.

[Signature]
Chair: Signature and Recommendation

To LAA Legal -
From Senate Judiciary
Doug Bailey

April 30, 91

Please prepare a CS (Jud)
for SB 4 adding a new section (15?)

to add the Alaska Gaming Commission
to AS 8.03.010 with a 4 year cycle
sunset provision. Originally June 30, 1995.

and such other changes, if any, to conform
this commission to sunset laws.

This can be done in final form as the
corte has already passed the bill out
in this form.

T. Hanx _____
L

CS FOR SENATE BILL NO. 4 (L&C)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/17/91
 Referred: Judiciary, Finance

Sponsor(s): SENATORS ZHAROFF, Jones

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

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

3 * Section 1. AS 05.15 is amended by adding new sections to read:

4 ARTICLE 4. ALASKA GAMING COMMISSION.

5 Sec. 05.15.300. ALASKA GAMING COMMISSION. (a) The Alaska Gaming
 6 Commission is established in the Department of Commerce and Economic Development. The
 7 commission is composed of five members appointed by the governor, subject to confirmation by
 8 the legislature.

9 (b) Each member of the commission shall at the time of the member's appointment be
 10 a resident of the state. One member shall be appointed from each of the four judicial districts
 11 of the state, and the fifth member may reside anywhere in the state.

12 (c) A person may not serve as a member of the commission if that person

13 (1) has been convicted of

14 (A) a felony; or

1 (B) an offense under this chapter, AS 11.66.200 - 11.66.280, or a
2 comparable provision of municipal, state, or federal law;

3 (2) holds an operator's license under AS 05.15.122 or a distributor's license under
4 AS 05.15.183; or

5 (3) is an elected official of the state or of a political subdivision of the state.

6 (d) A person may not serve as a member of the commission until the investigation
7 required under AS 18.65.080(b) is completed.

8 (e) The commission shall elect a chair from its membership.

9 (f) Three members of the commission constitute a quorum for the transaction of business.

10 Sec. 05.15.310. TERM OF OFFICE. (a) Members of the commission serve staggered
11 terms of four years. A vacancy is filled by appointment for the unexpired term.

12 (b) A member may not serve for more than eight years.

13 Sec. 05.15.320. REMOVAL AND SUSPENSION OF MEMBERS. (a) The governor
14 may remove a member for cause, including incompetence, neglect of duty, or misconduct in
15 office. A member being removed for cause shall be given a copy of the charges and afforded
16 an opportunity to publicly present a defense in person or by counsel upon not less than 10 days'
17 notice. If a member is removed for cause, the governor shall file with the lieutenant governor
18 a complete statement of all charges made against the member and the governor's findings based
19 on the charges, together with a complete record of the proceedings.

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

22 Sec. 05.15.330. COMPENSATION AND PER DIEM. Members of the commission do
23 not receive a salary for their service on the commission but are entitled to per diem and travel
24 expenses authorized for state boards and commissions under AS 39.20.180.

25 Sec. 05.15.340. DUTIES AND POWERS OF THE COMMISSION. (a) The commission
26 shall

27 (1) license, regulate, and supervise games of chance and contests of skill under
28 this chapter;

29 (2) hire an executive director and other staff as needed to enforce and administer
30 this chapter;

31 (3) meet at least once every three months; and

1 (4) adopt regulations necessary to carry out the provisions of this chapter.

2 (b) The commission may appoint a hearing officer to conduct a hearing required by this
3 chapter or by a regulation adopted under it.

4 Sec. 05.15.350. EMPLOYEES OF THE COMMISSION. The executive director of the
5 commission is in the partially exempt service under AS 39.25.120. Other employees of the
6 commission are in the classified service under AS 39.25.100.

7 Sec. 05.15.360. REGULATIONS OF THE COMMISSION. The attorney general shall
8 enforce the regulations of the commission.

9 Sec. 05.15.370. RECORDS OF THE COMMISSION. (a) Except as provided in (b) of
10 this section, all records of the commission are public records and subject to public inspection.

11 (b) Records relating to audits and investigations by the commission, both ongoing and
12 completed, are confidential, except for the audit report issued by the commission and records
13 submitted as evidence in an administrative or judicial proceeding that results from an
14 investigation.

15 Sec. 05.15.380. PROCEEDS. Fees and other money received by the commission shall
16 be paid into the general fund.

17 Sec. 05.15.390. ADMINISTRATIVE PROCEDURE ACT. The operations of the
18 commission are subject to the Administrative Procedure Act (AS 44.62).

19 Sec. 05.15.400. CONFLICT OF INTEREST ACT. The commission is subject to
20 AS 39.50 (conflict of interest).

21 * Sec. 2. AS 05.15.010 is repealed and reenacted to read:

22 Sec. 05.15.010. ALASKA GAMING COMMISSION TO ADMINISTER CHAPTER.

23 The Alaska Gaming Commission shall administer this chapter.

24 * Sec. 3. AS 05.15.100 is amended by adding a new subsection to read:

25 (d) The commissioner may not issue a permit or license under this chapter to a person
26 who has, within one year preceding the person's application for a permit or license, been a
27 member of the Alaska Gaming Commission established under AS 05.15.300.

28 * Sec. 4. AS 05.15.122 is amended by adding a new subsection to read:

29 (e) A person may not serve as a member in charge if the person has, within the preceding
30 one year, been a member of the Alaska Gaming Commission established under AS 05.15.300.

31 * Sec. 5. AS 05.15.210(6) is repealed and reenacted to read:

1 (6) "commission" means the Alaska Gaming Commission;

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

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

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

11 (B) playing an amusement device that

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

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

17 (C) an activity authorized [BY THE COMMISSIONER OF COMMERCE
18 AND ECONOMIC DEVELOPMENT] under AS 05.15;

19 * Sec. 7. AS 18.65.080 is amended by adding a new subsection to read:

20 (b) The Department of Public Safety shall investigate and ascertain whether a person
21 appointed by the governor to serve as a member of the Alaska Gaming Commission has been
22 convicted of a crime set out in AS 05.15.300(c).

23 * Sec. 8. AS 39.25.120(c) is amended by adding a new paragraph to read:

24 (21) the executive director of the Alaska Gaming Commission.

25 * Sec. 9. AS 39.50.200(b) is amended by adding a new paragraph to read:

26 (52) Alaska Gaming Commission (AS 05.15.300).

27 * Sec. 10. AS 44.62.330(a) is amended by adding a new paragraph to read:

28 (57) Alaska Gaming Commission (AS 05.15.300).

29 * Sec. 11. AS 05.15.210(8) and AS 44.33.020(31) are repealed.

30 * Sec. 12. INITIAL COMMISSION APPOINTMENTS. The governor shall make the initial
31 appointment of members of the Alaska Gaming Commission within 120 days after the effective date of

1 this Act. The governor shall set the terms of initial members so that two members serve terms of four
2 years, one member serves a term of three years, one member serves a term of two years, and one
3 member serves a term of one year.

4 * Sec. 13. TRANSITION. (a) Regulations relating to games of chance and contests of skill, adopted
5 by the Department of Revenue or the Department of Commerce and Economic Development under
6 authority of AS 05.15 before July 1, 1991, and in effect on the effective date of this Act remain in effect
7 until regulations relating to that function that are adopted by the Alaska Gaming Commission under
8 AS 05.15 as amended by this Act, take effect. The Alaska Gaming Commission shall administer the
9 Department of Revenue and the Department of Commerce and Economic Development regulations until
10 its own take effect.

11 (b) Until the Alaska Gaming Commission is appointed, the Department of Commerce and
12 Economic Development shall administer games of chance and contests of skill under AS 05.15 and under
13 the regulations referred to in (a) of this section.

14 * Sec. 14. IMPLEMENTATION OF LEGISLATION. To be consistent with the changes made by
15 this legislation, wherever in AS 05.15 and in regulations adopted under those statutes "Department of
16 Commerce and Economic Development," "department," or "commissioner" is used, they shall be read
17 as referring to the Alaska Gaming Commission or commission when to do so would implement the
18 purposes of this Act. Under AS 01.05.031, the revisor of statutes shall implement this section in the
19 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in the
20 administrative regulations.

21 * Sec. 15. This Act takes effect July 1, 1991.

7-LS0019G
Gaguine
3/26/91

CS FOR SENATE BILL NO. 4 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS ZHAROFF, Jones

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

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

3 * Section 1. AS 05.15 is amended by adding new sections to read:

4 ARTICLE 4. ALASKA GAMING COMMISSION.

5 Sec. 05.15.300. ALASKA GAMING COMMISSION. (a) The Alaska Gaming
6 Commission is established in the Department of Commerce and Economic Development. The
7 commission is composed of five members appointed by the governor, subject to confirmation by
8 the legislature.

9 (b) Each member of the commission shall at the time of the member's appointment be
10 a resident of the state. One member shall be appointed from each of the four judicial districts
11 of the state, and the fifth member may reside anywhere in the state.

12 (c) A person may not serve as a member of the commission if that person

13 (1) has been convicted of

14 (A) a felony; or

1 (B) an offense under this chapter, AS 11.66.200 - 11.66.280, or a
2 comparable provision of municipal, state, or federal law;

3 (2) holds an operator's license under AS 05.15.122; or

4 (3) is an elected official of the state or of a political subdivision of the state.

5 (d) A person may not serve as a member of the commission until the investigation
6 required under AS 18.65.080(b) is completed.

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15 an opportunity to publicly present a defense in person or by counsel upon not less than 10 days'
16 notice. If a member is removed for cause, the governor shall file with the lieutenant governor
17 a complete statement of all charges made against the member and the governor's findings based
18 on the charges, together with a complete record of the proceedings.

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

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22 not receive a salary for their service on the commission but are entitled to per diem and travel
23 expenses authorized for state boards and commissions under AS 39.20.180.

24 Sec. 05.15.340. DUTIES AND POWERS OF THE COMMISSION. (a) The commission
25 shall

26 (1) license, regulate, and supervise games of chance and contests of skill under
27 this chapter;

28 (2) hire an executive director and other staff as needed to enforce and administer
29 this chapter;

30 (3) meet at least once every three months; and

31 (4) adopt regulations necessary to carry out the provisions of this chapter.

- 1 (b) The commission may
2 (1) issue subpoenas to compel witnesses to appear before it;
3 (2) compel the production of documents showing the receipts and disbursements
4 of a person licensed to conduct a gaming enterprise;
5 (3) appoint a hearing officer to conduct a hearing required by this chapter or by
6 a regulation adopted under it.

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8 commission is in the partially exempt service under AS 39.25.120. Other employees of the
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7 the purchase or sale at a future date of securities or commodities and agreements to
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10 (B) playing an amusement device that

11 (i) confers only an immediate right of replay not
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14 (ii) does not contain a method or device by which the
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17 purposes of this Act. Under AS 01.05.031, the revisor of statutes shall implement this section in the
18 statutes, and, under AS 44.62.125(b)(6), the regulations attorney shall implement this section in the
19 administrative regulations.

20 * Sec. 15. This Act takes effect July 1, 1991.

CSSB 4: "An Act establishing the Alaska Gaming Commission; and providing for an effective date."

The department supports moving the Gaming program out of the Division of Occupational Licensing into a separate division within the Department of Commerce and Economic Development. However, if a commission is established, this bill would provide for the necessary authority to implement the Alaska Gaming Commission's duties. Our major concerns have been addressed in the CS version. The remaining sectional concerns are addressed below:

SECTIONAL CONCERNS

1. Alaska Gaming Commission

AS 05.15.300(c)(2). This subsection would exclude a person holding an operator license from serving on the commission. Of the twenty-one (21) currently licensed operators, seven (7) are also licensed as distributors and another three (3) have spouses who are licensed distributors. If the intent of this subsection is to prevent those persons already in a segment of the gaming industry from serving on the commission, then this subsection should be expanded to include licensed distributors.

2. Duties and Powers of the Commission

AS 05.15.340(b)(2). Only subsection (1) mentions the power of the commission to issue subpoena to compel witnesses to appear before the commission. There remains, however, a questions of what legal action may be taken/needed to ensure production of books, records and other relevant information. Subpoena power should also include subsection (2).

If the subpoena power in AS 05.15.070 is unaffected by this bill, then the proposed AS 05.15.340(b)(2) should be removed as it is redundant.

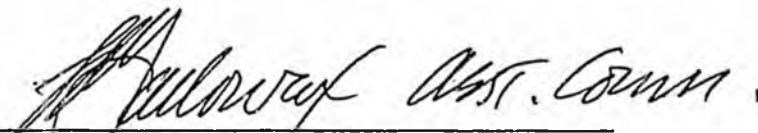
3. Records of the Commission

AS 05.15.370. Ongoing audits and investigations should be kept confidential. Investigative files should remain confidential even when closed, except where documentation is submitted as evidence in a hearing or trial, and only the completed audit should be made available.

4. Proceeds

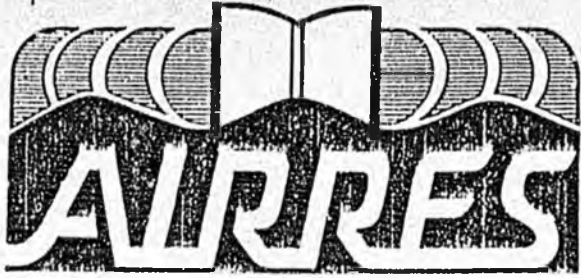
AS 05.15.380. Beginning with FY 90, the Games of Chance and Skill program is funded by Program Receipts. Because of the growing interest and participation in the gaming industry, to ensure that the program is properly administered and enforced, the funding should remain as Program Receipts. Additionally, should the Alaska Gaming Commission be instituted, readily available funding would help in determining and scheduling much needed workshops, seminars and effective administrations of the Games of Chance and Skill program.

If this bill fails to pass this legislative session, the department will create a separate Division of Gaming which we believe would go a long way in solving many of the administrative problems with this program.



Glenn A. Oids, Commissioner
Date: 4-11-91

APR 8 1991



RUD

ALASKA RADIO READING SERVICE

1102 West International Airport Road
Anchorage, AK 99518 • (907) 563-2121 • FAX 562-5951

April 4, 1991

Attached is a copy of a survey that we conducted in 1990 of non-profit organizations concerning convicted felons involvement in charitable gaming.

The results were conclusive that the majority of organizations did not want any type of criminal element involved in charitable gaming. Most states would not allow this criminal element to be involved in gaming of any kind.

We would be happy to supply you with copies of surveys from the non-profits who responded to the questionnaire.

Sincerely,

Sandy Sanderson
Executive Director

ATTENTION!

ALL NON-PROFIT CORPORATIONS:

The Alaska Information Radio Reading Education Service is a non-profit agency which uses Games of Chance and Skill to raise a portion of our funding. Recently, the Alaska Department of Commerce and Economic Development proposed sweeping changes in the charitable gaming regulations. These changes included eliminating the non-profit corporations right to sell pull tabs in multiple locations. We feel that this will severely impact the funding needed by many Alaskan non-profit corporations.

We at AIRRES are asking the Governor to stop these proposed regulations and let the Legislature decide this issue when they convene in January. If your organization is dependent on Games of Chance and Skill for funding, we urge you to join us in protecting your right to sell pull tabs through retail locations; these have been dubbed by the State as third party vendors. Please contact your legislators through Public Opinion Messages, telephone calls, and hand written letters.

AIRRES is also concerned that there is a strong possibility that the criminal element is infiltrating the operations of Games of Chance and Skill in Alaska. We recommend that you urge the State to prohibit the participation of anyone with a felony conviction in the operation or regulation of Games of Chance and Skill in Alaska.

A good model is in those laws and regulations governing gaming in the State of Nevada. In an effort to preserve our right to gain revenues from the sale of pull tabs through retail locations we are collecting statistics on the number of non-profit corporations which use Games of Chance and Skill to fund their operations. We hope to use this information to convince the legislature that all of us in non-profit corporations depend on this to fund our worthwhile causes through Games of Chance and Skill.

Please fill out the following questionnaire.

Thank you.

QUESTIONNAIRE

1. Name of non-profit organization:

2. Address:

3. Telephone Number:

TOTAL RESPONSES: 85

1. Do you hold a Games of Chance and Skill Permit? Yes: 46 ; No: 39
2. Are you receiving revenues from same? Yes: 35 Mp: 35 No Answer: 15
3. Do you use an operator to place your permit? Yes: 13 No: 50 No Answer: 22
4. Do you place your own permit? Yes: 31 No: 27 No Answer: 27
5. Do you plan to apply for a Games of Chance and Skill permit in the future?
Yes: 50 No: 22 No Answer: 7 Maybe: 6
6. Are you interested in legislation to keep the criminal element out of gaming in the state of Alaska?
Yes: 74 No: 4 No Answer: 7 Three of these who answered NO, answered no to all questions.
7. Are you interested in legislation to protect your right to sell pull tabs in retail locations?
Yes: 55 No: 21 Maybe: 2 No Answer: 7

We urge you to participate in the process of forming laws and regulations governing Games of Chance and Skill in Alaska so that your programs may continue to exist and expand.

HALFORD



Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

MAR 14 1991

Senator Drue Pearce
Alaska State Legislature
3111 C Street, Suite 150
Anchorage Alaska
USA
99503

Dear Senator Pearce:

I refer to your letter of March 5 to Mr. Patrick Michael, Clerk of the Yukon Legislative Assembly.

Unfortunately due to other pressing commitments, I will be unable to attend the Yukon-Alaska Legislative Assembly exchange.

I would however, like to briefly comment on your two specific issues of gaming and tourism.

One of our most significant tourism attractions in my constituency of Dawson is the Diamond Tooth Gerties Gambling Casino featuring blackjack, roulette and wheels of fortune.

With regard to your specific questions, I offer the following:

1. Who regulates gaming in the Yukon?

Gaming is controlled under our Yukon Lotteries Licensing Act administered by our Department of Justice, Consumer Services Branch.

Licenses are reviewed and approved by an independent 3 member Licensing Board.

A copy of the Act and Regulations are attached.

2. Do we have charitable gaming and is there a split requirement between the permit holder and the agent?

Yes and no. Licenses are issued only to charitable organizations. There are no agents operating gaming halls and therefore, no split requirement.



3. Are there any restrictions on licensing operators with criminal records?

No. As licenses are issued only to charitable organizations, this restriction does not apply.

4. What restrictions are there on advertising and media use?

The only requirement is that all ads must include the license number.

It is unfortunate that I will be unable to attend the informal lunch to discuss the cooperative tourism marketing efforts taking place with the Yukon. We are currently involved in two key cooperative marketing efforts with Alaska.

The Tourism North Agreement was signed by Alaska, B.C. and the Yukon in May of 1989. This is a long term coop marketing agreement aimed to increase the number of people travelling through northern B.C. and the Yukon to Alaska and to improve the tourism opportunities for highway visitation in the region. The annual base budget is \$200,000 per jurisdiction.

The joint Alaska/Yukon Agreement: A coop marketing program between Alaska's and Yukon's Tourism Departments and Tourism Industry Associations (AVA, TIAY) and aimed at the Canadian market. The annual budget is \$200,000 per jurisdiction and is utilized in a joint advertising campaign.

I trust this information will be helpful in your deliberations.

Sincerely,



Art Webster
Minister of Tourism

BILL'S distributing of alaska

RECEIVED MAR 11 1991

March 7, 1991

Senator Fred Zharoff
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Zharoff

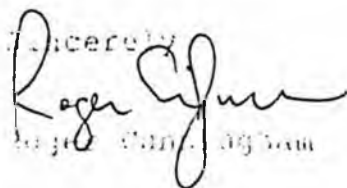
I was pleased to learn that SB-4, for an Alaska Gaming Commission is to be considered again this session.

As you probably have heard, several members of the public spoke in favor of a gaming commission at hearings on HB168 by Rep. Choquette. As well as citizen support, Rep. Robin Taylor supported it, along with John Hansen, Gaming Program Manager, DCED.

Charitable Gaming has grown to the place where a full commission is needed to oversee it. The amount of money changing hands daily dictates that a group of dedicated individuals give gaming their undivided attention.

I support your bill and would offer any help you may need in the way of supporting material or information to insure its passage this session. I would envision the commission structured along the same lines as the Alcoholic Beverage Control Board which includes respected industry representatives.

Please call if I can provide any further input to insure passage of SB-4.

Sincerely,

Roger G. Johnson

cc: Rep. Robin Taylor