

S B

162

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERENCE

DATE: 3/1/91

FURTHER: Finance

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

DATE TURNED INTO OFFICE: _____

L&C Committee considered SB 162

Authorizing off-track parimutuel wagering as charitable gaming.

and recommended:

- replace with _____ CS SB 162 (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):

- | | |
|--|--|
| <input checked="" type="checkbox"/> fiscal note(s) <u>COMMERCE/4-12-91</u> | <input checked="" type="checkbox"/> zero fiscal note(s) <u>PUBLIC SAFETY/3-12-91</u> |
| _____ | _____ |
| _____ | _____ |

- appropriation-no fiscal note
- Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Richard Halford *NO REC*
Rick Halford *absolutely NO REC*

True Lease - 10 Pass
Chair: Signature and Recommendation

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. CSSB 162(L&C)

Revision Date: _____ Department Affected: Public Safety
 Title: An Act authorizing off-track BRU: Statewide Support
parimutuel wagering as charitable gaming Component: Alaska Records & Identification
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Rules COMPONENT SERIAL NO.

0	5	2	5
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EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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 FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
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: _____

ANALYSIS: (Attach a separate page if necessary.)
 CSSB 162(L&C) requires the Department of Public Safety to conduct criminal history records checks of license applicants and their employees. As there is a fee for this service, there will be no fiscal impact upon the Department.

Prepared By: Ken Bischoff Phone: 465-4336
 Division: Administrative Services Date: 1/21/92
 Approved by Commissioner: Richard L. Burton
 Agency: Department of Public Safety Date: 1/21/92

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 162 (L&C)

Revision Date: _____
Title: An Act authorizing off-track
parimutuel wagering as charitable gaming
Sponsor: Senate Labor & Commerce
Requestor: Senate Labor & Commerce

Department Affected: Public Safety
BRU: Alaska State Troopers
Component: Detachments

COMPONENT SERIAL NO.

	7	9	9
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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)
 CSSB 162 (L&C) requires the Department of Public Safety to conduct criminal history records checks of license applicants and their employees. As there is a fee for this service, there will be no significant fiscal impact on the Alaska State Troopers.

Prepared by: Gayle A. Horetzki Phone: 465-4322
 Division: Commissioner's Office Date: 3/19/91
 Approved by Commissioner: Gayle A. Horetzki for Richard L. Burton
 Agency: Department of Public Safety Date: 3/19/91

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

1992 LEGISLATIVE SESSION

Revision Date: 01/21/92 Department Affected: Commerce & Economic Development
 Title: An Act authorizing off-track parimutuel BRU: Occupational Licensing
wagering as charitable gaming. . . Component: Administration
 Sponsor: Senate Labor & Commerce
 Requestor: Senate Labor & Commerce COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	214.9	214.9	214.9	214.9	214.9	214.9
TRAVEL	24.0	20.0	20.0	20.0	20.0	20.0
CONTRACTUAL	52.0	7.0	7.0	7.0	7.0	7.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	85.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	381.4	246.9	246.9	246.9	246.9	246.9

CAPITAL						
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REVENUE	723.6	723.6	723.6	723.6	723.6	723.6
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FUNDING: (Thousands of Dollars)

GENERAL FUND	381.4	246.9	246.9	246.9	246.9	246.9
FEDERAL FUNDS						
OTHER						
TOTAL	381.4	246.9	246.9	246.9	246.9	246.9

POSITIONS:

FULL-TIME	5.0	5.0	5.0	5.0	5.0	5.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)
SEE ATTACHED

Prepared By: John N. Hansen, Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 01/21/92
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*
 Agency: Department of Commerce & Economic Development Date: 1.21.92

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

ANALYSIS:

This bill would provide for off-track parimutuel wagering to be authorized and provided for under AS 05.15, Games of Chance and Skill. It would allow for permittees to contract with and receive income from licensed operators conducting off-track parimutuel wagering. It provides for minimum returns to the permittees as well as payment of a percentage of the gross receipts to the department.

FY 93 OPERATING EXPENSES

PERSONAL SERVICES COSTS:

Anchorage	Clerk Typist III	8A	\$ 29.0
Juneau	Licensing Examiner I	12A	35.0
Juneau	State Satellite Supervisor	18A	50.3
Anchorage	Investigator III	18A	50.3
Juneau	Auditor III	18A	50.3
Total Personal Services			\$214.9

TRAVEL COSTS:

Staff to perform inspections, audits, investigations		\$ 20.0
Training		<u>4.0</u>
Total Travel		\$ 24.0

CONTRACTUAL COSTS:

Audits, security, hearing officer services, and other miscellaneous cost		\$ 20.0
General contractual needs - phone, photocopies, computer systems, postage, printing, etc.		<u>32.0</u>
Total Contractual		\$ 52.0

EQUIPMENT COSTS:

Office furnishings, files, chairs, module units. \$9.9 x 5 staff		\$ 49.5
Office Space (1500 sq.ft. at \$200 x 12 months)		<u>36.0</u>
Total Equipment		\$ 85.5

SUPPLIES:

\$ 5.0

FY 93 TOTAL GENERAL FUND OPERATING EXPENSES	\$381.4
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CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

FY 94 AND BEYOND OPERATING EXPENSES

PERSONAL SERVICES COSTS:

Same detail as FY 93 \$214.9

TRAVEL COSTS:

Staff to perform inspections, audits, investigations 20.0

CONTRACTUAL COSTS:

Audits, security, hearing officer services, and
other miscellaneous costs 2.0
Postage, printing, etc. 5.0

SUPPLIES: 5.0

FY 94 AND BEYOND TOTAL GENERAL FUND OPERATING EXPENSES \$246.9

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 162(L&C)

FY 93 REVENUE DETAIL

Revenue estimates are based on total gross monthly revenue of \$3,000,000 (300,000 per day x 10 days operation).

Under the committee substitute, AS 05.15.189(c), an operator would pay 2% of the gross receipts as a fee to the state. These fees would be collected at the time the operator is required to pay the permittee and deposited in the general fund. An increase in the 1% net proceeds (under AS 05.15.020(b)) is also estimated.

OPERATOR REVENUE

Total daily handle	\$ 300,000
10 days operating per month	<u>x 10</u>
Total estimated monthly gross	\$3,000,000
Fee 2% (AS 05.15.189(c))	<u>x 2%</u>
Total monthly fee revenue	\$ 60,000
12 months' operation	<u>x 12</u>
Total Yearly Fee Revenue	\$ 720,000

PERMITTEE REVENUE INCREASE

Total monthly gross	\$3,000,000
Minimum return to permittee	<u>x 2%</u>
AS 05.15.189(a)(1) 2% of gross or 50% of net profit	\$ 60,000
Less: Permittee expenses (estimated)	<u>50%</u>
Net Proceeds	\$ 30,000
1% fee (AS 05.15.020(b))	<u>x 1%</u>
	\$ 300
12 permittees	<u>x 12</u>
Total 1% fee increase	\$ 3,600
TOTAL ESTIMATE FY 93 REVENUE	\$ 723,600

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSSB 162

Revision Date: 4/11/91 Department Affected: Commerce & Economic Dev.
 Title: SEE ATTACHED BRU: Occupational Licensing
 Component: Administration

Sponsor: Senate Labor & Commerce Comm.
 Requestor: Senate Labor & Commerce Comm. **COMPONENT SERIAL NO.**

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	214.9	214.9	214.9	214.9	214.9	214.9
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SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT	85.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	381.4	246.9	246.9	246.9	246.9	246.9

CAPITAL						
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REVENUE	723.6	723.6	723.6	723.6	723.6	723.6
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FUNDING: (Thousands of Dollars)

GENERAL FUND	381.4	246.9	246.9	246.9	246.9	246.9
FEDERAL FUNDS						
OTHER						
TOTAL	381.4	246.9	246.9	246.9	246.9	246.9

POSITIONS:

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

Estimate of current year impact: _____

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: 4/12/91
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*
 Agency: Department of Commerce & Economic Development Date: 4-12-91

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

FISCAL NOTE - CSSB 162

TITLE:

"An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to criminal history checks for applicants for charitable gaming operator's licenses and certain employees of those applicants."

ANALYSIS:

This bill would provide for off-track parimutuel wagering to be authorized and provided for under AS 05.15, Games of Chance and Skill. It would allow for permittees to contract with and receive income from licensed operators conducting off-track parimutuel wagering. It provides for minimum returns to the permittees as well as payment of a percentage of the gross receipts to the department.

FY 91 OPERATING EXPENSES

Personal Service Costs:

<u>Location</u>	<u>Position</u>	<u>Range/Step</u>	<u>Annual Salary and Benefits</u>
Anchorage	Clerk Typist III	8A	\$ 29.0
Juneau	Licensing Examiner	12A	35.0
Juneau	State Satellite Supervisor	18A	50.3
Anchorage	Investigator III	18A	50.3
Juneau	Auditor III	18A	50.3
Total Personal Services			\$214.9

Travel Costs:

Staff perform inspections, audits, investigations	\$ 20.0	
Training	4.0	
Total Travel		\$ 24.0

Contractual:

Audits, security, hearing officer services, miscellaneous	\$ 20.0	
General contractual - phone, photocopies, computer systems, postage, printing, etc.	32.0	
Total Contractual		\$ 52.0

Equipment:

Office furnishings, files, chairs, module units. \$9.9 x 5 staff	\$ 49.5	
Office space (1500 sq.ft. @ \$200 x 12 months)	36.0	
Total Equipment		\$ 85.5

Supplies:

	\$ 5.0	
FY 92 TOTAL GENERAL FUND OPERATING EXPENSES		\$381.4

FY 93 AND BEYOND OPERATING EXPENSES

Personal Service Costs:

Same detail as FY 91 \$214.9

Travel Costs:

Staff - perform inspections, audits, investigations 20.0

Contractual:

Audits, security, hearing officer services, miscellaneous 2.0
Postage, printing, etc. 5.0

Supplies: 5.0

FY 93 AND BEYOND TOTAL GENERAL FUND OPERATING EXPENSES \$246.9

FY 92 REVENUE DETAIL

Revenue estimates are based on total gross monthly revenue of \$3,000,000 (300,000 per day x 10 days operation).

Under the committee substitute, AS 05.15.189(c), an operator would pay 2% of the gross receipts as a fee to the state. These fees would be collected at the time the operator is required to pay the permittee and deposited in the general fund. An increase in the 1% net proceeds (under AS 05.15.020(b)) is also estimated.

OPERATOR REVENUE

Total daily handle	\$ 300,000
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Total Yearly Fee Revenue	\$720,000
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PERMITTEE REVENUE INCREASE

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Less: Permittee expenses (estimated)	50%
Net Proceeds	\$ 30,000
1% fee (AS 05.15.020(b))	x 1%
	<u>\$ 300</u>
12 permittees	<u>x 12</u>

Total 1% fee increase	<u>3,600</u>
TOTAL ESTIMATE FY 92 REVENUE	\$723,600

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Eliason
Senator Rick Halford
Senator Jay Kerttula



WHILE IN JUNEAU
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(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

TO: Senator Pat Pourchot, Chair
Senate Finance Committee

FROM: Rod Mourant, Legislative Aide
Senate Labor & Commerce Committee

A handwritten signature in cursive script that reads "Rod".

DATE: April 23, 1991

RE: SB 162 -- Off-track Parimutuel Wagering

The Senate Labor & Commerce Committee requests that you schedule SB 162 for a hearing by the Senate Finance Committee at your earliest convenience.

Within strict public safety guidelines, this legislation formulates another vehicle to assist non-profit agencies in Alaska in their fund raising efforts. The legislation calls for careful background reviews of personnel who would be involved in the gaming events, exclusion of convicted felons from the industry as well as strict guidelines for the disbursement of funds. The committee has delivered a complete bill package to your office.

Thank you for your consideration of this request.

Alaska State Legislature

Sen. Pat Pourchot, Co-Chairman
Sen. Jay Kerttula, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uetling



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

907-465-3712

Senate Finance Committee

May 2 - May 10, 1991

Senate Finance Committee Room 518

*Subject to further scheduling as time permits. Bills will be carried forward. Check with Senator Pourchot's office for update.

May 2 Thursday NO MEETING SCHEDULED

May 3 Friday 9:00 a.m.
CAPITAL BUDGET OVERVIEW AND DISCUSSION

May 6 *Monday 9:00 a.m.
SB 110, An Act relating to lapse of appropriations for maintenance and operation of highways and aviation facilities.
HB 90, An Act relating to fines and restitution in criminal cases.

HB 13, An Act relating to public accountancy.
SB 37, An Act relating to food and housing for construction workers at remote construction sites on certain state construction projects. PENDING REFERRAL

SB 113, An Act establishing the Public Officers Compensation Commission; relating to the compensation of the governor, lieutenant governor, members of the legislature, heads of the principal departments of the executive branch of government, supreme court justices, judges of the court of appeals, judges of the superior court and district court judges.

SB 256, An Act relating to compensation of legislators.

SB 162, An Act authorizing off-track parimutuel wagering as charitable gaming and relating to criminal history records checks for applicants for charitable gaming operator's licenses and certain employees of those applicants.

SB 190, An Act relating to powers of the Alaska Safety Advisory Council.

SB 195, An Act creating the Alaska School Counseling program grant fund.

SB 196, An Act making a special appropriation to the Alaska school counseling program grant fund.

May 7-10 schedule to be announced.

Q & A on Off-Track Parimutuel Wagering

What is parimutuel wagering?

Parimutuel is a system of wagering on a race or races in which the winning wagerers share the total amount bet, minus a percentage for allowable expenses. It has been employed at horse races for more than a century. Off-track parimutuel operators in Alaska would return approximately 78 percent of the total amount wagered to winning ticket holders.

Do other states allow parimutuel wagering?

Yes. Parimutuel wagering is now allowed in 43 states. Thoroughbred horse racing, harness racing, and dog racing are the most common types of activities on which parimutuel wagering is allowed. People can wager on races at either the track where races are conducted or at an off-track wagering facility.

How does off-track parimutuel wagering work?

Race tracks televise the races they run each day and feed them live via satellite to licensed off-track facilities across the country. The races are shown live at off-track facilities on large screen monitors. Wagers on a race are accepted up to the time it starts. Many race tracks operate as off-track facilities, televising races from other tracks, during periods when they are not conducting races. The first off-track parimutuel wagering facilities were set up in New York in 1971. Federal legislation governing off-track parimutuel wagering was enacted in 1978. The first interstate off-track activity occurred in 1981 when Washington and Colorado facilities televised and accepted wagers on the Kentucky derby.

How would off-track parimutuel wagering work in Alaska?

Simulcast Racing Alaska would apply to the appropriate state agency for an operator's license. If approved, a facility would be established in downtown Anchorage. Simulcast would contract with a number of racetracks to receive live feeds of thoroughbred races, mostly from tracks on the west coast. By federal law, these contracts must be approved by the horsemen's association in the state where the races are run, the racing commission in that state, and by the regulatory agency in Alaska. Once the necessary approvals were received, Simulcast would operate five days a week (Wed. - Sun.), 52 weeks a year, a total of 260 days. Approximately 10 - 20 races could be wagered on at the facility each day.

How would wagers be accounted for?

Simulcast would employ a tailor-made modular data processing system designed especially for parimutuel wagering. Parimutuel windows (wagering stations) would be equipped with a computer terminal on which each wager would be recorded. All wagers would then be transmitted to a central computer where they are totaled and payouts calculated. A back-up or duplex system would be utilized to protect against computer failure. State regulators could easily access the data in the central system electronically. Most jurisdictions employ an auditor to monitor wagering transactions at off-track facilities.

How would revenues from off-track parimutuel wagering be distributed?

Senate Bill 162 authorizes off-track parimutuel wagering as charitable gaming. The bill requires that 80 percent of straight wagers (wagers on one horse) and 75 percent of exotic wagers (wagers on two or more horses) be returned to winning ticket holders. Since about half of all

wagers are exotics, approximately 78 percent of the total amount wagered would be returned to winning ticket holders. Two percent of total wagers would be paid to the state to offset the cost of regulating the industry. Approximately 15 percent would be used to cover the cost of operating facility. The balance would be net profit. It would be shared equally by the participating permittee and the operator.

What type of clientele does horse racing attract?

Demographic studies conducted in 1986 by R.H. Bruskin Associates show that Thoroughbred racing attracts an affluent crowd. 61 percent of track goers say they have a college degree and 54 percent earn more than \$30,000 annually. Simulcast believes that off-track wagering in Alaska would attract people who do not participate in gaming activities now. The corporation's marketing program would emphasize tourists visiting the state.

Alaska State Legislature



Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Ellason
Senator Rick Halford
Senator Jay Kerttula

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(907) 561 7018

SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel
Legal Services Division

FROM: Rod Mourant, Committee Aide *Rod*
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 162

Please draft a committee substitute for SB 162 (7-LS0027\D) with the following changes:

- 1) Add a new section that says:
"AS 05.15.122 is amended by adding a new subsection to read:
(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c)."
- 2) Amend section 12 as follows:
Section 12. AS 18.65.090 is amended by adding a new subsection to read:
"(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.411.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development."
- 3) Add language that excludes felons and those convicted of certain misdemeanors from participating in off-track parimutuel wagering. Use the language in SB 186 as a guide.
- 4) Add a section that forbids wagering other than on site at a licensed location.
- 5) Amend section 10, ln 26, (3) as follows:
"(3) the contract terminates after ~~se~~ weeks or after the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first."

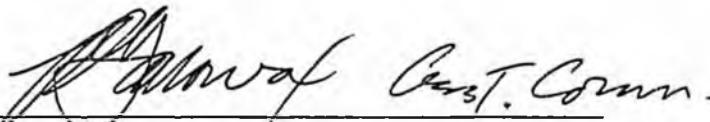
John, we plan on hearing this bill in Senate L&C on Wednesday, March 27th at 3:30 P.M..

SB 162 Changes

- 1) New section 3 pg 2 Commerce shall request criminal history check by the Dept. of Public Safety.
- 2) New section 13 pg 5 Public Safety shall perform the criminal history check.
- 3) Amend section 11 pg 4 (e) to complete felon exclusion from off track parimutuel wagering.
- 4) Amends section 11 pg 4 (a) (3) to limit contracts to six weeks or \$3,000,000 whichever come first.
- 5) Amends section 11 pg 4 (f) to prohibit wagering other than in person at the site licensed

CSSB 162: "An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to criminal history checks for applicants for charitable gaming operator's licenses and certain employees of those applicants."

The Department of Commerce and Economic Development does not object to the passage of Committee Substitute for Senate Bill 162. The bill contains the necessary statutory authority to properly administer off-track parimutuel wagering.

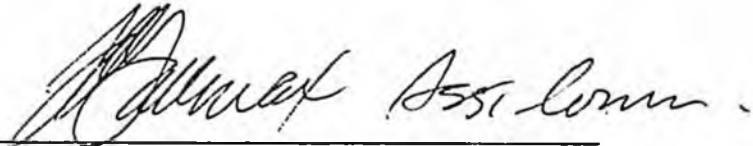

Glenn A. Olds, Commissioner

Date: 4-12-91

SB 162: "An Act authorizing offtrack parimutuel wagering as charitable gaming."

The Department of Commerce and Economic Development does not object to the passage of Senate Bill 162. We do, however, note the following observation.

The language in the bill appears to authorize only operators to conduct the actual activity on behalf of a municipality or qualified organization. If this is not the intent of the sponsor, then the bill needs to be amended to specify the restrictions and requirements that a municipality or qualified organization must meet.



Glenn A. Olds, Commissioner

Date: 3-18-91

BILL NO: SB 162

DATE: 3/15/91

MAR 15 1991

TITLE: An Act authorizing off-track parimutuel wagering as charitable gaming.

CONTACT: Gayle A. Horetski
Deputy Commissioner
465-4322

DEPARTMENT OF
PUBLIC SAFETY

POSTAL PERMIT

The Department of Public Safety takes no position on this bill.

Only section 12 of the present bill would affect the Department of Public Safety, by requiring an investigation of whether a license applicant or his employees have been charged with certain offenses. Existing law (AS 05.15.122), however, specifies that the Department of Commerce may not issue a license to an applicant who "has been convicted of" certain offenses. To make these provisions consistent, and to clearly outline the Department of Public Safety's responsibilities in th's area, the Department proposes the following changes in the language of SB 162:

After Section 2 of the bill, insert a new section 3 to read:

Section 3. AS 05.15.122 is amended by adding a new subsection to read:

(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c).

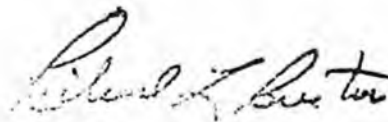
Renumber the remaining bill sections.

Section 12 of the bill should be changed to read:

Section 12. AS 18.65.090 is amended by adding a new subsection to read:

(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.41.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development.

The addition of the language above should help to clarify the respective responsibilities of the various state departments, and assist in the efficient administration of the bill should it become law.



Richard L. Burton
Commissioner

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Virginia Collins, Vice Chair
Senator Dick Eliason
Senator Rick Halford
Senator Jay Kerttula



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3844

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99504
(907) 561-2018

SENATE LABOR AND COMMERCE COMMITTEE

TO: John Gaguine, Legislative Counsel
Legal Services Division

FROM: Rod Mourant, Committee Aide *Rod*
Senate Labor & Commerce Committee

DATE: March 25, 1991

RE: Senate Bill 162

Please draft a committee substitute for SB 162 (7-LS0027\D) with the following changes:

- 1) Add a new section that says:
"AS 05.15.122 is amended by adding a new subsection to read:
(e) The department shall request from the Department of Public Safety a criminal history records check of the persons listed in subsection (c)."
- 2) Amend section 12 as follows:
Section 12. AS 18.65.090 is amended by adding a new subsection to read:
"(b) Upon receipt of the fingerprints of the applicant, and payment of any fees authorized in AS 44.411.025(b) and AS 44.41.040, the department shall perform a criminal history records check of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to the Department of Commerce and Economic Development."
- 3) Add language that excludes felons and those convicted of certain misdemeanors from participating in off-track parimutuel wagering. Use the language in SB 186 as a guide.
- 4) Add a section that forbids wagering other than on site at a licensed location.
- 5) Amend section 10, ln 26, (3) as follows:
"(3) the contract terminates after ~~s~~ix weeks or after the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first."

John, we plan on hearing this bill in Senate L&C on Wednesday, March 27th at 3:30 P.M..

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 26, 1991

SUBJECT: CSSB 162(L&C)

TO: Senator Drue Pearce, Chair
Labor and Commerce Committee

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

Enclosed is a draft CSSB 162(L&C). You will note that AS 05.15.189(e), part of Section 11, only prohibits operators from conducting parimutuel wagering if they have felony convictions, and does not mention convictions for crimes of dishonesty or gambling offenses. This is because such persons are already prohibited from getting operator's licenses under AS 05.15.122, so that it seemed redundant to prohibit them from conducting parimutuel wagering. On the other hand, persons with old felony convictions can have operator's licenses, so it was necessary to mention them in subsection (e).

If I may be of further assistance, please advise.

JBG:gc
91-171.glc

Enclosure

CS FOR SENATE BILL NO. 162 (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): SENATE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing off-track parimutuel wagering as charitable gaming, and relating to
2 criminal history records checks for applicants for charitable gaming operator's licenses and
3 certain employees of those applicants."

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

5 * Section 1. AS 05.15.100(a) is amended to read:

6 (a) The commissioner may issue a permit to a municipality or qualified organization.
7 The permit gives the municipality or qualified organization the privilege of conducting bingo,
8 raffles and lotteries, pull-tab games, ice classics, rain classics, goose classics, mercury classics,
9 salmon classics, dog mushers' contests, fish derbies, off-track parimutuel wagering events, and
10 contests of skill.

11 * Sec. 2. AS 05.15.115(c) is amended to read:

12 (c) A permittee may not contract with more than one operator at a time to conduct the
13 same type of activity. For the purposes of this subsection, bingo games, raffles, lotteries, pull-tab
14 games, ice classics, rain classics, goose classics, mercury classics, salmon classics, dog mushers'

1 contests, fish derbies, off-track parimutuel wagering events, contests of skill, and all activities
2 permitted under AS 05.15.100(b) are each a different type of activity.

3 * Sec. 3. AS 05.15.122 is amended by adding a new subsection to read:

4 (e) The department shall request from the Department of Public Safety a criminal history
5 records check of an applicant for an operator's license and a person employed by an applicant
6 for an operator's license in a managerial or supervisory capacity.

7 * Sec. 4. AS 05.15.128(a) is amended to read:

8 (a) The department shall revoke the license of an operator who does not, with regard
9 to income derived from activities other than off-track parimutuel wagering events,

10 (1) report an adjusted gross income of at least 15 percent of gross income for two
11 consecutive quarters based on the total operation of the operator; or

12 (2) pay to each authorizing permittee for two consecutive quarters at least 15
13 percent of the adjusted gross income, as determined under (1) of this subsection, received from
14 activities conducted on behalf of the authorizing permittee.

15 * Sec. 5. AS 05.15.128 is amended by adding a new subsection to read:

16 (c) The department shall revoke the license of an operator who does not, with regard to
17 income derived from off-track parimutuel wagering, pay to each authorizing permittee and to the
18 department the amounts required by AS 05.15.189(a) and (c).

19 * Sec. 6. AS 05.15.160(a) is amended to read:

20 (a) The only expenses that may be incurred or paid in connection with the operation of
21 an activity under a permit issued under this chapter are bona fide expenses reasonably necessary
22 for

23 (1) goods, wares, [AND] merchandise, and, in the case of off-track parimutuel
24 wagering events, televising rights, necessary for the operation of the activity;

25 (2) personal services involved with the operation of the activity, including those
26 performed by

27 (A) an employee of the permittee; or

28 (B) an operator hired by the permittee to conduct the activity if the
29 compensation is not related to the receipts from the activity.

30 * Sec. 7. AS 05.15.180(a) is amended to read:

31 (a) Except as provided in AS 05.15.100(b), this chapter does not authorize the use of

1 playing cards, dice, roulette wheels, coin-operated instruments or machines, or other objects or
2 instruments used, designed, or intended primarily for gaming or gambling or any other method
3 or implement not expressly authorized by the commissioner. Equipment for the processing of
4 parimutuel wagers may be used in off-track parimutuel wagering events.

5 * Sec. 8. AS 05.15.180(b) is amended to read:

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

11 * Sec. 9. AS 05.15.180(f) is amended to read:

12 (f) A person under the age of 19 years may not play a bingo game and a person under
13 the age of 21 years may not engage in off-track parimutuel wagering.

14 * Sec. 10. AS 05.15.180(g) is amended to read:

15 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
16 prizes each year in activities authorized under this chapter; however, if a municipality or a
17 qualified organization contracts with an operator to conduct on its behalf activities authorized
18 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
19 in prizes each year. In this subsection, "activities authorized under this chapter" means all
20 activities subject to this chapter other than bingo and off-track parimutuel wagering events.

21 * Sec. 11. AS 05.15 is amended by adding a new section to article 2 to read:

22 Sec. 05.15.189. OFF-TRACK PARIMUTUEL WAGERING. (a) A permittee that wishes
23 to conduct off-track parimutuel wagering under its permit shall enter into a contract with an
24 operator under AS 05.15.115. The contract must provide that

25 (1) the permittee shall receive at least two percent of the gross receipts received
26 by the operator under the permittee's permit, or at least 50 percent of the operator's net profit
27 for the period that the operator was conducting off-track parimutuel wagering under the
28 permittee's permit, whichever is greater;

29 (2) the operator shall pay the permittee no later than one week after the end of
30 the period during which the operator conducted off-track parimutuel wagering under the
31 permittee's permit; and

1 (3) the contract terminates after six weeks of operation under the contract or after
2 the operator receives \$3,000,000 in gross receipts under the contract, whichever comes first.

3 (b) An operator conducting off-track parimutuel wagering on behalf of a permittee shall
4 submit to the department a plan describing how the operator proposes to select permittees with
5 whom the operator enters into contracts. The department may disapprove the plan if the
6 department finds that the plan does not involve a sufficient number of permittees. The
7 department shall issue regulations concerning the criteria for permittee selection and the approval
8 or disapproval of plans submitted under this subsection.

9 (c) An operator conducting off-track parimutuel wagering on behalf of a permittee shall
10 pay the department two percent of the gross receipts received by the operator. The operator shall
11 make the payments at the same time as the operator makes payment to the permittee under (a)
12 of this section.

13 (d) An operator conducting off-track parimutuel wagering shall pay to holders of winning
14 tickets at least

15 (1) 80 percent of the parimutuel pool of wagers on a single horse, less breakage;
16 and

17 (2) 75 percent of the parimutuel pool of wagers involving more than one horse,
18 less breakage.

19 (e) An operator licensed under AS 05.15.122 may not conduct off-track parimutuel
20 wagering if the operator has been convicted at any time of a felony, and may not employ a
21 person to conduct or assist in the conducting of off-track parimutuel wagering if the operator
22 knows that the person has been convicted at any time of a felony, a crime involving theft or
23 dishonesty, or a violation of a municipal, state, or federal gambling law. A person who has been
24 convicted at any time of a felony, a crime involving theft or dishonesty, or a violation of
25 municipal, state, or federal gambling law may not conduct or assist in the conducting of off-track
26 parimutuel wagering.

27 (f) An operator may not accept, and a person may not make, wagers under this section
28 other than wagers made in person by the bettor at a location where the operator is conducting
29 parimutuel wagering. Wagers may not be made or accepted by telephone, facsimile transmission,
30 or similar means of transmission.

31 * Sec. 12. AS 05.15.210 is amended by adding new paragraphs to read:

1 (35) "breakage" means the odd cents by which the amount payable on each dollar
2 wagered in an off-track parimutuel wagering event exceeds a multiple of 10 cents;

3 (36) "off-track parimutuel wagering" means a form of wagering on the outcome
4 of horse races involving thoroughbred, standardbred, or quarter horses and sanctioned by a state
5 racing authority that are shown by closed-circuit television at a location different from the
6 location where the race takes place in which those who wager personally purchase tickets of
7 various denominations on a horse or combination of horses and all wagers for each race are
8 pooled and held by the race televisor for distribution; when the outcome of the race has been
9 decided, the race televisor distributes a percentage of the total wagers, according to regulations
10 adopted by the department, to the holders of tickets on the winning horses or combination of
11 horses.

12 * Sec. 13. AS 18.65.090 is amended by adding a new subsection to read:

13 (b) Upon receipt of the fingerprints of the applicant, and payment of fees authorized by
14 AS 44.41.025(b) and 44.41.040, the department shall perform a criminal history records check
15 of the persons listed in AS 05.15.122(c), and shall report the results of those records checks to
16 the Department of Commerce and Economic Development.



bill file
APR 25 1991

Simulcast Racing Alaska, Inc.

733 West 4th Avenue, Suite 310

Anchorage, Alaska 99501

Phone 907-272-8110

APRIL 22, 1991

Senator Drue Pearce, Chairman
Senate Labor and Commerce Committee
P.O.Box V
Juneau, Alaska 99811

Dear Senator Pearce:

On behalf of the shareholders and the Board of Directors of Simulcast Racing Alaska, Inc. I want to thank you for the time and energy you and your staff have spent on Senate Bill 162. There are hundreds of issues and constituents concerns that require your attention, and I know the demands on your time are great. But you made time to assist with Simulcast's effort to bring horse racing to Alaska, and we appreciate it.

As you know, SB 162 is now in the Finance Committee awaiting scheduling. We are optimistic that this legislation will pass this session, either on its own, or more likely in a comprehensive gaming bill. We know it would not be possible without the work you've done or your continued assistance.

Again, thanks. If there is any way that Simulcast Racing Alaska, Inc. can be of assistance to you, don't hesitate to call.

Sincerely,

A.E.MILNER, PRESIDENT

SIMULCAST RACING ALASKA, INC.

AEM:mea



American Horse Racing Federation

1700 K Street, N.W.
Washington, D.C. 20006
Phone: (202) 296-4031
FAX: (202) 296-1970

Officers:

John A. Cashman, Jr., *Chairman*
James P. Heffernan, *Executive Director*

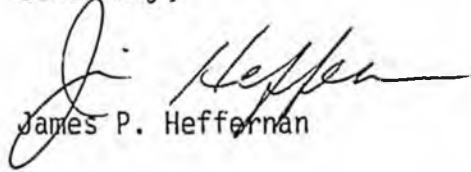
March 6, 1991

Mr. Ken Johnson
175 S. Franklin, Suite #320
Juneau, AK 99801

Dear Mr. Johnson:

Per our conversation I have enclosed a photocopy of a table from the study conducted in 1986 by R.H. Bruskin Associates. The study was commissioned by the Jockey Club, and is entitled "A Study of Attitudes Toward Thoroughbred Racing in America."

Sincerely,


James P. Heffernan

JPH/prs

Encl.

PROPORTION WHO VISITED TRACK IN PAST YEAR

	<u>TOTAL</u>	<u>NUMBER OF TIMES VISITED TRACK IN PAST YEAR</u>	
		<u>3 OR MORE TIMES</u>	<u>1-2 TIMES</u>
BASE: VISITED TRACK IN PAST YEAR	(235)	(108)	(125)
	<u>%</u>	<u>%</u>	<u>%</u>
<u>SEX</u>			
Male	52	57	47
Female	48	43	53
<u>AGE</u>			
18-34	43	39	46
35-54	41	44	39
55+	16	17	14
<u>EDUCATION</u>			
High School Or Less	39	44	35
College Or More	61	56	65
<u>INCOME</u>			
Under \$30,000	34	34	34
\$30,000-\$49,999	33	31	35
\$50,000 And Over	21	24	18
Not Specified	12	11	13

SIMULCAST RACING ALASKA, INC.

PRELIMINARY PROJECTION - INCOME

AVERAGE DURING FIRST YEAR
(260 DAYS PER YEAR)

		<u>ANNUAL</u>
Daily Handle	\$60,000.00	\$15,000,000.00
Daily Takeout	12,000.00	
Daily Breakage (0.9%)	540.00	
Daily Out Ticket (0.4%)	240.00	
Daily Exotic Wagering	<u>1,200.00</u>	
	\$13,980.00	
Gross Takeout	X 260	\$3,634,800.00
Cost of Operation	\$3,178,000.00	
State of Alaska (2.0%)	312,000.00	
NET PROFIT (BEFORE INCOME TAX)		\$135,800.00

SIMULCAST RACING ALASKA, INC.

PRELIMINARY PROJECTION - INCOME

LEVEL AFTER FIRST YEAR OPERATION
(260 DAYS PER YEAR)

		<u>ANNUAL</u>
Daily Handle	\$100,000.00	\$26,000,000.00
Daily Takeout	20,000.00	
Daily Breakage (0.9%)	900.00	
Daily Out Ticket (0.4%)	400.00	
Daily Exotic Wagering	<u>2,000.00</u>	
	\$23,300.00	
Gross Takeout	X 260	\$6,058,000.00
Cost of Operation	\$3,187,000.00	
State of Alaska (2.0%)	520,000.00	
NET PROFIT (BEFORE INCOME TAX)		\$2,351,000.00

CHAPTER 57—INTERSTATE HORSERACING

- Sec.
3001. Congressional findings and policy.
3002. Definitions.
3003. Acceptance of interstate off-track wager.
3004. Regulation of interstate off-track wagering.
- (a) Consent of host racing association, host racing commission, and off-track racing commission as prerequisite to acceptance of wager.
- (b) Approval of tracks as prerequisite to acceptance of wager, exceptions.
- (c) Takeout amount.
3005. Liability and damages.
3006. Civil action.
- (a) Parties; remedies.
- (b) Intervention.
- (c) Limitations.
- (d) State as defendant.
3007. Jurisdiction and venue.
- (a) District court jurisdiction.
- (b) Venue; service of process.
- (c) Concurrent state court jurisdiction.

§ 3001. Congressional findings and policy

- (a) The Congress finds that—
- (1) the States should have the primary responsibility for determining what forms of gambling may legally take place within their borders;
- (2) the Federal Government should prevent interference by one State with the gambling policies of another, and should act to protect identifiable national interests; and
- (3) in the limited area of interstate off-track wagering on horseraces, there is a need for Federal action to ensure States will continue to cooperate with one another in the acceptance of legal interstate wagers.

(b) It is the policy of the Congress in this chapter to regulate interstate commerce with respect to wagering on horseracing, in order to further the horseracing and legal off-track betting industries in the United States.

(Pub.L. 95-515, § 2, Oct. 25, 1978, 92 Stat. 1811.)

Historical Note

Effective Date. Section 9 of Pub.L. 95-515 provided that:

"(a) The provisions of this Act [this chapter] shall take effect on the date of enactment of this Act [Oct. 25, 1978], and, except as

provided in subsection (b) of this section, shall apply to any interstate off-track wager accepted on or after such date of enactment.

"(b)(1) The provisions of this Act [this chapter] shall not apply to any interstate off-

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15 § 3002

track wager which is accepted pursuant to a contract existing on May 1, 1978.

"(2) The provisions of this Act (this chapter) shall not apply to any form of legal non-parimutuel off-track betting existing in a State on May 1, 1978.

"(3) The provisions of subsection (b) of section 5 of this Act (section 3004(b) of this title) shall not apply to any parimutuel off-track betting system existing on May 1, 1978.

in a State which does not conduct parimutuel horseracing on the date of enactment of this Act (Oct. 25, 1978)."

Short Title. Section 1 of Pub.L. 95-515 provided that: "This Act [enacting this chapter] may be cited as the 'Interstate Horseracing Act of 1978.'"

Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

Library References

Commerce § 62.7.
Gaming § 6.

C.J.S. Commerce §§ 89, 98.
C.J.S. Gaming §§ 1, 3 et seq.

§ 3002. Definitions

For the purposes of this chapter the term--

(1) "person" means any individual, association, partnership, joint venture, corporation, State or political subdivision thereof, department, agency, or instrumentality of a State or political subdivision thereof, or any other organization or entity;

(2) "State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

(3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horserace taking place in another State;

(4) "on-track wager" means a wager with respect to the outcome of a horserace which is placed at the racetrack at which such horserace takes place;

(5) "host State" means the State in which the horserace subject to the interstate wager takes place;

(6) "off-track State" means the State in which an interstate off-track wager is accepted;

(7) "off-track betting system" means any group which is in the business of accepting wagers on horseraces at locations other than the place where the horserace is run, which business is conducted by the State or licensed or otherwise permitted by State law;

(8) "off-track betting office" means any location within an off-track State at which off-track wagers are accepted;

(9) "host racing association" means any person who, pursuant to a license or other permission granted by the host State, conducts the horserace subject to the interstate wager;

(10) "host racing commission" means that person designated by State statute or, in the absence of statute, by regulation, with jurisdiction to regulate the conduct of racing within the host State;

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HORSERACING

CL 57

(11) "off-track racing commission" means that person designated by State statute or, in the absence of statute, by regulation, with jurisdiction to regulate off-track betting in that State;

(12) "horsemen's group" means, with reference to the applicable host racing association, the group which represents the majority of owners and trainers racing there, for the races subject to the interstate off-track wager on any racing day;

(13) "parimutuel" means any system whereby wagers with respect to the outcome of a horserace are placed with, or in, a wagering pool conducted by a person licensed or otherwise permitted to do so under State law, and in which the participants are wagering with each other and not against the operator;

(14) "currently operating tracks" means racing associations conducting parimutuel horseracing at the same time of day (afternoon against afternoon; nighttime against nighttime) as the racing association conducting the horseracing which is the subject of the interstate off-track wager;

(15) "race meeting" means those scheduled days during the year a racing association is granted permission by the appropriate State racing commission to conduct horseracing;

(16) "racing day" means a full program of races at a specified racing association on a specified day;

(17) "special event" means the specific individual horserace which is deemed by the off-track betting system to be of sufficient national significance and interest to warrant interstate off-track wagering on that event or events;

(18) "dark days" means those days when racing of the same type does not occur in an off-track State within 60 miles of an off-track betting office during a race meeting, including, but not limited to, a dark weekday when such racing association or associations run on Sunday, and days when a racing program is scheduled but does not take place, or cannot be completed due to weather, strikes and other factors not within the control of the off-track betting system;

(19) "year" means calendar year;

(20) "takeout" means that portion of a wager which is deducted from or not included in the parimutuel pool, and which is distributed to persons other than those placing wagers;

(21) "regular contractual process" means those negotiations by which the applicable horsemen's group and host racing association reach agreements on issues regarding the conduct of horseracing by the horsemen's group at that racing association;

(22) "terms and conditions" includes, but is not limited to, the percentage which is paid by the off-track betting system to the host racing association, the percentage which is paid by the host racing association to the horsemen's group, as well as any arrangements as to the exclu-

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sivity between the host racing association and the off-track betting system.

(Pub.L. 95-515, § 3, Oct. 25, 1978, 92 Stat. 1811.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

§ 3003. Acceptance of interstate off-track wager

No person may accept an interstate off-track wager except as provided in this chapter.

(Pub.L. 95-515, § 4, Oct. 25, 1978, 92 Stat. 1813.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

§ 3004. Regulation of interstate off-track wagering

Consent of host racing association, host racing commission, and off-track racing commission as prerequisite to acceptance of wager

(a) An interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from—

(1) the host racing association, except that—

(A) as a condition precedent to such consent, said racing association (except a not-for-profit racing association in a State where the distribution of off-track betting revenues in that State is set forth by law) must have a written agreement with the horsemen's group, under which said racing association may give such consent, setting forth the terms and conditions relating thereto; provided,

(B) that where the host racing association has a contract with a horsemen's group at the time of enactment of this chapter which contains no provisions referring to interstate off-track betting, the terms and conditions of said then-existing contract shall be deemed to apply to the interstate off-track wagers and no additional written agreement need be entered into unless the parties to such then-existing contract agree otherwise. Where such provisions exist in such existing contract, such contract shall govern. Where written consents exist at the time of enactment of this chapter between an off-track betting system and the host racing association providing for interstate off-track wagers, or such written consents are executed by these parties prior to the expiration of such then-existing contract, upon the expiration of such then-existing contract the written agreement of such horsemen's group shall thereafter be re-

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quired as such condition precedent and as a part of the regular contractual process, and may not be withdrawn or varied except in the regular contractual process. Where no such written consent exists, and where such written agreement occurs at a racing association which has a regular contractual process with such horsemen's group, said agreement by the horsemen's group may not be withdrawn or varied except in the regular contractual process;

- (2) the host racing commission;
- (3) the off-track racing commission.

Approval of tracks as prerequisite to acceptance of wagers; exceptions

(b)(1) In addition to the requirement of subsection (a) of this section, any off-track betting office shall obtain the approval of—

(A) all currently operating tracks within 60 miles of such off-track betting office; and

(B) if there are no currently operating tracks within 60 miles then the closest currently operating track in an adjoining State.

(2) Notwithstanding the provisions of paragraph (1) of this subsection, any off-track betting office in a State with at least 250 days of on-track parimutuel horseracing a year, may accept interstate off-track wagers for a total of 60 racing days and 25 special events a year without the approval required by paragraph (1), if with respect to such 60 racing days, there is no racing of the same type at the same time of day being conducted within the off-track betting State within 60 miles of the off-track betting office accepting the wager, or such racing program cannot be completed. Excluded from such 60 days and from the consent required by subsection (b)(1) of this section may be dark days which occur during a regularly scheduled race meeting in said off-track betting State. In order to accept any interstate off-track wager under the terms of the preceding sentence the off-track betting office shall make identical offers to any racing association described in subparagraph (A) of subsection (b)(1) of this section. Nothing in this subparagraph shall be construed to reduce or eliminate the necessity of obtaining all the approvals required by subsection (a) of this section.

Takeout amount

(c) No parimutuel off-track betting system may employ a takeout for an interstate wager which is greater than the takeout for corresponding wagering pools of off-track wagers on races run within the off-track State except where such greater takeout is authorized by State law in the off-track State (Pub.L. 95-515, § 5, Oct. 25, 1978, 92 Stat. 1813.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

Ch. 57

HORSERACING

15 § 3006

Library References

Commerce \Leftrightarrow 62.7.
Gaming \Leftrightarrow 6.C.J.S. Commerce §§ 69, 96.
C.J.S. Gaming §§ 1, 3 et seq.

§ 3005. Liability and damages

Any person accepting any interstate off-track wager in violation of this chapter shall be civilly liable for damages to the host State, the host racing association and the horsemen's group. Damages for each violation shall be based on the total of off-track wagers as follows:

(1) If the interstate off-track wager was of a type accepted at the host racing association, damages shall be in an amount equal to that portion of the takeout which would have been distributed to the host State, host racing association and the horsemen's group, as if each such interstate off-track wager had been placed at the host racing association.

(2) If such interstate off-track wager was of a type not accepted at the host racing association, the amount of damages shall be determined at the rate of takeout prevailing at the off-track betting system for that type of wager and shall be distributed according to the same formulas as in paragraph (1) above.

(Pub.L. 95-515, § 6, Oct. 25, 1978, 92 Stat. 1814.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

Library References

Gaming \Leftrightarrow 42(1).

C.J.S. Gaming § 29 et seq.

§ 3006. Civil action

Parties; remedies

(a) The host State, the host racing association, or the horsemen's group may commence a civil action against any person alleged to be in violation of this chapter, for injunctive relief to restrain violations and for damages in accordance with section 3005 of this title.

Intervention

(b) In any civil action under this section, the host State, the host racing association and horsemen's group, if not a party, shall be permitted to intervene as a matter of right.

15 § 3006**HORSE RACING**

Ch. 87

Limitations

(c) A civil action may not be commenced pursuant to this section more than 3 years after the discovery of the alleged violation upon which such civil action is based.

State as defendant

(d) Nothing in this chapter shall be construed to permit a State to be sued under this section other than in accordance with its applicable laws.
(Pub.L. 95-515, § 7, Oct. 25, 1978, 92 Stat. 1814.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. **Legislative History.** For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

West's Federal Forms

Affirmative defenses, statute of limitations, see §§ 2109 to 2112.
Intervention, see § 3111 et seq.
Preliminary injunctions and temporary restraining orders, matters pertaining to, see § 3271 et seq.

Library References

Gaming § 41, 46(1). C.J.S. Gaming §§ 46, 48, 54.

§ 3007. Jurisdiction and venue**District court jurisdiction**

(a) Notwithstanding any other provision of law, the district courts of the United States shall have jurisdiction over any civil action under this chapter, without regard to the citizenship of the parties or the amount in controversy.

Venue; service of process

(b) A civil action under this chapter may be brought in any district court of the United States for a district located in the host State or the off-track State, and all process in any such civil action may be served in any judicial district of the United States.

Concurrent state court jurisdiction

(c) The jurisdiction of the district courts of the United States pursuant to this section shall be concurrent with that of any State court of competent jurisdiction located in the host State or the off-track State.
(Pub.L. 95-515, § 8, Oct. 25, 1978, 92 Stat. 1814.)

Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title.

Ch. 57

HORSERACING

15 § 3007

Legislative History. For legislative history and purpose of Pub.L. 95-313, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

West's Federal Forms

Jurisdiction and venue in district courts, matters pertaining to, see § 1001 et seq.
Service of process, see § 1301 et seq.

Library References

Gaming ~~§~~ 44.

C.J.S. Gaming § 52.

Whatcom County

Courthouse

Bellingham, Washington 98225



LARRY MOUNT, SHERIFF

Phone 676-6650

Phone 384-5360

December 26, 1989

TO WHOM IT MAY CONCERN:

I understand that a similar facility for off track betting is being proposed in your area. The Winner's Circle has been in operation for several years now in our area. I have been very happy with the cooperation and professionalism of the people operating it.

The Winner's Circle has not been a problem or an increase of workload for the Whatcom County Sheriff's Office. One of the reasons has been the fact that they have hired off duty deputies to provide the security for their local operation. The traffic to the area has not been a problem as there is adequate parking and access to the location.

If there are any questions I would be more than happy to answer them or assist in any way. Also I would encourage you to have someone check out the Winner's Circle operation as a model program.

Respectfully yours,

LARRY E. MOUNT, Sheriff
Whatcom County

LEM/nh



CITY OF
San Bernardino

POLICE DEPARTMENT
DANIEL A. ROBBINS
CHIEF OF POLICE

December 21, 1989

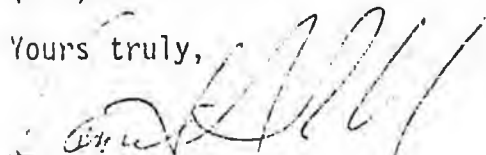
Bruce Matthias, Director
Simulcast Development L.A. Turf Club
285 W. Huntington Drive
Arcadia, CA 92006

Dear Mr. Matthias:

Reference the National Orange Show's off-track horse racing, I would like to make comment. The facility has not had an increase in calls for service nor have I seen a measurable rise in the crime rate for that area. I am also not aware of any organized crime that might be utilizing and/or controlling the operations. We enjoy a very good relationship with the Orange Show and see it as a real plus for our community.

Should you have any questions concerning my comments, please reach me at (714) 384-5607.

Yours truly,


Daniel A. Robbins
Chief of Police

cgr

cc: Esther Armstrong, N.O.S.

RECEIVED

JAN 5 1990

MARKETING



SHERMAN BLOCK, SHERIFF

County of Los Angeles

Office of the Sheriff

Hall of Justice

Los Angeles, California 90012

(805) 948-8466



January 19, 1990

Mr. Bruce Matthias
Director of Simulcast Development
Los Angeles Turf Club
285 West Huntington Drive
Arcadia, California 91006

Dear Mr. Matthias:

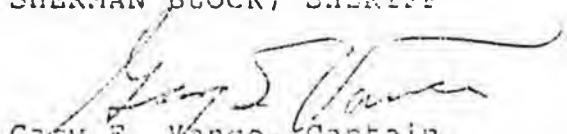
As you may be aware, the Los Angeles County Sheriff's Department provides contract law enforcement services for the City of Lancaster, California. Since the Antelope Valley Fairgrounds and an off-track betting facility are located in the City of Lancaster, we have been requested to comment on the impact of such an operation upon the area's crime rate.

The Watch and Wager Facility has been in operation since May 1988, and our records indicate that there has been no significant increase in calls for service at that location. There have been some responses due to audible and silent alarms emanating from the facility, but none of these have been attributable to any occurrence of crime. The facility has included private security personnel in the day-to-day operation, and they have maintained close liaison with the Antelope Valley Sheriff's Station.

Since it appears that the Watch and Wager facility has been virtually trouble-free from the standpoint of criminal activity, we share the opinion of the California Horse Racing Board and other local officials that there has been no increase in law enforcement problems since the inception of the off-track betting operation at the Antelope Valley Fairgrounds.

Sincerely,

SHERMAN BLOCK, SHERIFF


Gary E. Vance, Captain
Commander, Antelope Valley Station

RECEIVED

JAN 23 1990

MARKETING

SANTA BARBARA COUNTY FAIR



SANTA MARIA, CA

December 24, 1989

Mr. Bruce Matthias
Director of Simulcast Development
c/o Los Angeles Turf Club
285 W. Huntington
Arcadia, CA 91006

Dear Mr. Matthias:

Here is the letter from the Santa Maria Police Department requested by Al Karwacki. As you can see from the enclosed letter the satellite wagering facility in Santa Maria has been virtually trouble free since its opening in April 1987.

We are pleased to say that our racing fans are for the most part very quiet and well behaved. The anticipated problems prior to our opening never came to fruition. Additionally, because many of our patrons are regulars we have become more like a gathering of family and friends each racing day.

Wishing you success in your efforts to spread the enjoyment of simulcast horse racing.

Sincerely,

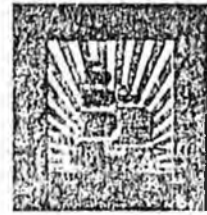
Ellen J. Drake
Satellite Facility Supervisor

Encl.

cc: Al Karwacki, SCOTW, INC.

ORIGINAL - ELEN
A BOARD - JAN

SANTA MARIA POLICE DEPARTMENT
(805) 928-3781



CITY OF SANTA MARIA • 110 EAST COOK STREET • SANTA MARIA, CALIFORNIA 93454-5190 • 805-925-0951 • FAX 805-349-0657

December 14, 1989

TO WHOM IT MAY CONCERN

The City of Santa Maria by virtue of the physical location of the Santa Barbara County Fairgrounds, has hosted satellite off track horse race wagering since April 7, 1987.

Analysis of the Santa Maria Police Department's calls for service activity reveals this facility has virtually been trouble free. Based on this information, my staff and I share the opinion that the Santa Barbara County Fairground's Watch and Wager does not constitute a law enforcement problem.

Russell R. Mathews

RUSSELL R. MATHEWS
Chief of Police

/sw

RAISING THE STAKES ON LEGAL GAMBLING

Don't look for another Atlantic City. The future of gambling is video machines, riverboats and the gaming halls of Deadwood.

By Jeffrey L. Katz

The town that gave poker the Dead Man's Hand is alive again. More than 100 years after Wild Bill Hickok was shot to death in Deadwood, South Dakota, while holding a hand of aces and eights, the community has staked its lot on the popularity of gambling. So far it looks like a safe bet. A dying old frontier town just a few years ago, it has been booming since November 1989, when legal, casino-style gambling returned. Several other Old West towns have taken notice and plan to follow suit.

The Deadwood phenomenon is one example of how legalized gambling is spreading beyond the traditional pastimes of bingo, lottery games, and horse and dog racing. Also coming on strong are riverboat gambling and high-tech video gambling machines, forms of legal gaming that blur the distinction between such passive forms of wagering as playing the lottery and interactive ones such as poker and blackjack. According to *International Gaming & Wagering Business*

magazine, \$247 billion was wagered legally in 1989, nearly double the gross wager in 1982.

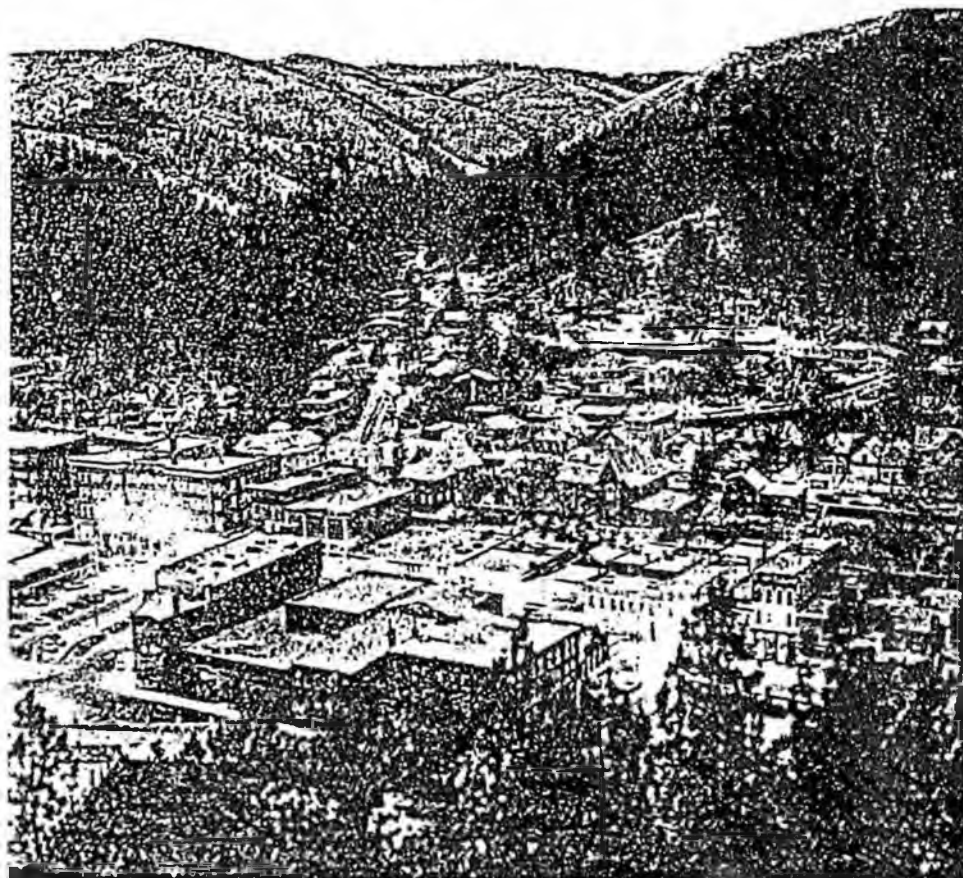
The trend isn't toward more Las Vegas-style resort casinos, as many had predicted when Atlantic City's glitzy gaming halls opened. The future seems, rather, to lie in these more limited gambling enterprises that states are not only legalizing bit by bit, but in some cases also operating and promoting through their lotteries. Indeed, industry observers credit the spread of state lotteries to 33 states over the last 20 years with hastening the acceptance of other forms of gambling.

Gambling has been part of the American experience since colonial times, but it's never been so publicly accepted. "Society has moved from gambling being treated as a vice to be stamped out to an opportunity we need to figure out how to exploit," says William Eadington, an economics professor at the University of Nevada at Reno.

States, of course, are keenly aware of the kinds of gambling permitted in neighboring jurisdictions, and the competition for revenues has become a powerful incentive for the games to spread. But because the public has mixed emotions about gambling being both a vice and a form of entertainment, the rationale for easing prohibitions is rarely made on the basis of market demand alone. "They won't let you have fun with your sin unless there's some practical other purpose," says Vicki Abt, a professor of sociology and American studies at

Pennsylvania State University. So lotteries typically are justified because they'll bring in revenue for the state or for a universally appealing purpose such as education. Gambling on riverboats or in mining towns is being sold as a way to stimulate tourism and development and provide a new taxable enterprise.

But there are limits to the public's acceptance of gambling. Ballot measures to legalize casino gambling in Detroit, Florida and Hot Springs, Arkansas, have all been rejected in recent years, as was a proposal in Ohio last fall to let the city of Lorain hold an election on casino gambling. "Even though people may be excited by Las Vegas or Atlantic City," Eadington says, "they're also threatened by the potential of massive influence of a huge controversial industry—gaming." But if gambling is approached on a smaller scale, such as on a riverboat, in a mining town or under the auspices of a state-sponsored lottery, that's a different story.



Gambling has returned to Deadwood, South Dakota, and with it has come prosperity. The city now has about 2,000 gambling machines and card tables.

The problem with lotteries is that the popularity of the games tends to level off a few years after they are introduced, so officials are always looking for a way to renew the players' interest. These days, those officials are thinking high-tech. Video games, in the words of South Dakota's lottery director, Susan Walker, are "the new lottery product of the future."

South Dakota's lottery introduced video games in October 1989, and they've been wildly successful ever since. The state expects to net nearly \$20 million from video machines alone in the current fiscal year. Add another \$5.3 million from lotto and instant games, and South Dakota's lottery accounts for more than 5 percent of the state's general revenue, compared with 2 or 3 percent for most states. "It has exceeded our wildest expectations from the revenue side," says Walker.

Video technology is a breakthrough because the popular casino games played on the machines offer players an instant response and add at least the impression that the machines can be beaten by skill. South Dakota's players can choose from among poker, keno and blackjack. The maximum bet is \$2 per game; the maximum payout is \$1,000 per game. Winners receive credits for free games that can also be redeemed for cash by the retailer where the machine is located.

The state licenses and regulates the 4,800 privately owned terminals. Each is connected to a central computer system that performs daily auditing and security compliance checks.

Only South Dakota operates a statewide video lottery. West Virginia is experimenting with the machines at race-tracks. Video gambling machines are legal in Montana, but the state only regulates them; they are not run through the auspices of the lottery.

Representatives of 15 states have visited South Dakota to study its video lottery, and gambling industry experts think it's only a matter of time before the machines spread to other states. "They are the greatest success in lottery products since the lotto game," says Eugene M. Christiansen, a gambling industry analyst and president of Christiansen-Cummings Associates Inc. "I think there will be a tremendous move on the part of all lotteries to embrace these video lottery games."

But the video games are also likely to stir up controversy wherever they're considered. Christiansen adds. Critics contend that video gambling is more likely to develop habitual players than lotto games, and that the machines do not fit the definition of a lottery as a game of pure chance. There's not much difference, the critics say, between slot machines that dispense money and video lotteries that dispense vouchers.

South Dakota officials insist that the distinction is an important one, and view the video lottery as simply "competition for the entertainment dollar," responds Republican Representative John Sears, a prime supporter of the video lottery. "It's not for the gambling compulsive-addictive type."

South Dakota has tried to control video gambling by permitting no more than 10 video machines in an establishment, allowing them only in places that have licenses for on-site consumption of alcoholic beverages and requiring players to be at least 21 years old. Putting video lotteries in bars is "a way to take those unexplored markets and work a lottery product into it," says Debbie Mortenson, spokeswoman for

GAMBLING IN THE STATES

State	Lottery			Parimutuels				Off-track														
	Bingo	Card rooms	Casinos*	Charitable gaming	Slot machines	Sports betting	Keno	Instant	Lotto	Numbers	Passive games	Video Lottery Terminals	Greyhound	Jai-alai	Harness	Quarter horse	Thoroughbred	Intrastate intertrack	Interstate intertrack	CTB, race/sportsbooks	Telephone betting	Telatheaters
Alabama	•														•	•	•	•				
Alaska	•																					
Arizona		•		•					•													
Arkansas																						
California	•	•		•					•	•	•											
Colorado	•		•																			
Connecticut	•								•	•	•											
Delaware	•								•	•	•											
Dist. of Columbia	•								•	•	•											
Florida	•								•	•	•											
Georgia	•																					
Hawaii																						
Idaho	•								•	•	•											
Illinois			•	•					•	•	•											
Indiana	•								•	•	•											
Iowa	•	•	•						•	•	•											
Kansas	•								•	•	•											
Kentucky	•								•	•	•											
Louisiana	•	•																				
Maine	•								•	•	•											
Maryland	•	•							•	•	•											
Massachusetts	•								•	•	•											
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Minnesota	•								•	•	•											
Mississippi	•	•																				
Missouri	•								•	•	•											
Montana	•	•							•	•	•											
Nebraska	•								•	•	•											
Nevade	•	•	•	•	•	•	•	•	•	•	•											
New Hampshire	•								•	•	•											
New Jersey	•	•	•	•	•	•	•	•	•	•	•											
New Mexico	•								•	•	•											
New York	•								•	•	•											
North Carolina	•								•	•	•											
North Dakota	•	•	•	•	•	•	•	•	•	•	•											
Ohio	•								•	•	•											
Oklahoma	•								•	•	•											
Oregon	•	•	•	•	•	•	•	•	•	•	•											
Pennsylvania	•								•	•	•											
Rhode Island	•								•	•	•											
South Carolina	•								•	•	•											
South Dakota	•	•	•	•	•	•	•	•	•	•	•											
Tennessee	•								•	•	•											
Texas	•								•	•	•											
Utah									•	•	•											
Vermont	•								•	•	•											
Virginia	•								•	•	•											
Washington	•	•	•	•	•	•	•	•	•	•	•											
West Virginia	•								•	•	•											
Wisconsin	•								•	•	•											
Wyoming	•								•	•	•											
Puerto Rico	•	•	•	•	•	•	•	•	•	•	•											
Virgin Islands									•	•	•											

* Includes riverboat gambling

Symbols
 • legal and operative
 ◻ authorized but not yet implemented
 ◻ permitted by law and presently operative
 ◻ operative but no parimutuel betting

Source: International Gaming Association Business magazine, July 1 - August 14, 1991