

HB

272

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Juneau, Alaska 99801-1182
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MEMORANDUM

April 27, 2005

SUBJECT: Title of CSHB 272(JUD) (Work Order No. 24-LS0916\G)

TO: Representative Lesil McGuire
Chair of the House Judiciary Committee
Attn. Vanessa Tondini

FROM: Kathryn L. Kurtz *KK*
Legislative Counsel

Enclosed is the committee substitute you requested.

Please note that the title, while it accurately describes one aspect of the bill, may not be sufficiently descriptive of the entire contents of the bill to satisfy the requirements of article II, sec. 13, Constitution of the State of Alaska ("[t]he subject of each bill shall be expressed in the title.")

KLK:med
05-312.med

Enclosure

LAW OFFICES
GROSS & BURKE
A PROFESSIONAL CORPORATION
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JUNEAU, ALASKA 99801

SUSAN A. BURKE
AVRUM M. GROSS (RETIRED)

TELEPHONE (907) 586-2777
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April 25, 2005

Perry Green
130 W. 4th Avenue
Anchorage, Alaska 99501

Re: Effect of HB 272/SB 165 (Card Rooms) on Indian Gaming in Alaska

Dear Mr. Green:

You have asked what effect, if any, the enactment of HB 272 or SB 165 would have on Indian gaming in Alaska. More specifically, you have asked me to address two questions:

(1) Would the enactment of HB 272 or SB 165 "open the door" to allow Indian tribes in Alaska to operate casino type gaming operations – referred to in the federal Indian Gaming Regulatory Act ("IGRA") as "Class III" games?

The answer is no. As discussed below, all of the card games authorized in HB 272 and SB 165 are Class II games for purposes of IGRA. IGRA authorizes Indian tribes to operate Class III games only if state law does not prohibit them. Alaska law currently prohibits all forms of Class III gaming, and nothing in either bill would authorize Class III games. So long as Alaska law continues to prohibit Class III games, IGRA would not authorize Indian tribes to operate them within Alaska.

(2) Would the enactment of HB 272 or SB 165 "open the door" to additional Class II Indian gaming in Alaska, beyond what is already authorized under existing law?

The answer is no. As discussed below, Alaska currently allows certain organizations and entities to conduct various types of Class II gaming under AS 05.15, including bingo, pull tabs, raffles, lotteries and various lottery type "classics," such as ice classics, rain classics, and salmon classics, among others. In addition, Alaska's criminal code exempts players engaged in social gambling, including players in social card games, from the criminal prohibitions against gambling in the state. Because Alaska currently allows Class II gaming, including card games, IGRA would allow Indian tribes to operate the types of

Class II card games allowed in HB 272 and SB 165 on Indian lands in Alaska – even if neither of those bills were enacted.

I. Brief overview of the Indian Gaming Regulatory Act.

The federal Indian Gaming Regulatory Act (“IGRA”), 25 U.S.C. 2701 et seq., provides authority for Indian tribes to conduct certain gaming operations on Indian lands.¹ There are three classes of games under the Act.

Class I games include social gaming for minimal prizes and traditional Indian gaming conducted at ceremonies or celebrations. Tribes may conduct Class I games on Indian lands without oversight by the Indian Gaming.

Class II games include bingo, lotto, pull-tabs, punch boards, tip jars and non-banking card games. Non-banking card games are games in which only the players may make wagers on the outcome, in contrast to “banked” card games such as blackjack, baccarat and chemin de fer, where the player effectively plays against the house or another banker and the house or banker collects money from losers and pays winners. Indian tribes may conduct Class II games on Indian lands if the tribe adopts an ordinance authorizing the activity and receives a permit from the Indian Gaming Commission. IGRA imposes various regulatory requirements on Class II gaming and restricts the uses of revenues from Class II gaming operations.

Class III games include casino type gambling, electronic or electromechanical facsimiles of any games of chance, slot machines, pari-mutuel horse and dog racing, and all other forms of gaming that are not Class I or Class II. For states located within the federal Ninth Circuit (including Alaska), Indian tribes may conduct a Class III game only if the state permits the particular type of game that the tribe seeks to operate. *Rumsey Indian Rancheria of Wintun Indians v. Wilson*, 64 F.3d 1250 (9th Cir. 1995). Class III games, if they are allowed by the state, may be conducted only in conformity with a negotiated tribal-state compact entered into by the tribe and the state.

II. Enactment of HB 272 or SB 165 would not “open the door” to Class III Indian Gaming in Alaska.

HB 272 and SB 165 are identical bills that would authorize, under various limitations, the operation of card rooms in Alaska for the purpose of playing one or more

¹ IGRA restricts Indian gaming to activities conducted on “Indian lands.” This is a significant restriction, and is discussed briefly in Part IV of this opinion, beginning on page 4.

specified "non-banking" card games². The specified games are poker, pan, rummy, bridge and cribbage. Since the only games allowed under the bills are non-banking games, they would be considered as Class II games and not Class III games.

IGRA allows Class III Indian gaming activity only if the activity is "located in a State that permits such gaming for any purpose by any person, organization, or entity." Alaska currently does not permit any type of Class III gaming activity, and nothing in either HB 272 or SB 165 would constitute such permission. Kathryn L. Kurtz, Legislative Counsel, recently provided an opinion to Representative Pete Kott in which she concluded that HB 272 would authorize only Class II games and would therefore not provide a basis for any Class III Indian gaming in Alaska. (Memorandum from Kathryn L. Kurtz to Representative Pete Kott, April 21, 2005.) I agree with her analysis, and rather than repeat it here, I have attached a copy of her opinion to this letter.

III. Authority of Indian Tribes to Conduct Class II Card Games under Existing Alaska Law.

IGRA, in 25 U.S.C. 2710(b)(A), allows an Indian tribe to engage in Class II gaming on Indian lands within the tribe's jurisdiction if

such Indian gaming is located within a State that permits such gaming for any purpose by any person, organization or entity (and such gaming is not otherwise specifically prohibited on Indian lands by Federal law).

AS 05.15 currently allows charitable organizations and municipalities to conduct certain games that would be included within IGRA's definition of Class II games – specifically, bingo, pull tabs, raffles, lotteries and various lottery type "classics" such as the Nenana Ice Classic. Additionally, Alaska's criminal code exempts from prosecution for gambling offenses "a player in a social game." AS 11.66.200. "Social game" is defined in AS 11.66.280(9) as "gambling in a home where no house player, house bank, or house odds exist and where there is no house income from the operation of the game."

There are two alternative bases for concluding that IGRA would permit Indian tribes to operate the types of card games authorized under HB 272 and SB 165, even if neither bill were enacted. The first is that under the authorizing language quoted above, Alaska allows "such gaming" – that is, Class II gaming – of several types. It does not matter that Class II gaming activity is limited to charitable organizations and municipalities. Alaska need only authorize these games for "any purpose by any person,

² Both bills, at page 2, line 1, make it clear that the specified card games are "non-banking." The Senate Labor & Commerce Committee Substitute for SB 165 contains additional language to further emphasize that only "non-banking" games are allowed. The committee substitute, at page 2, lines 18 and 19, provides that wagers may be made only by a player with respect to his or her own game and that players may not make a wager on behalf of another individual.

organization or entity." As noted above, the Ninth Circuit Court of Appeals has ruled that for a Class III game, IGRA authorizes it only if state law permits the same type of game that the tribe seeks to operate. The Court has indicated however, that for Class II games, a less stringent standard will be applied, and a tribe may operate a Class II game if the state permits any person, organization, or entity to operate any Class II game. See, *Rumsey Indian Rancheria of Wintun Indians v. Wilson*, 64 F.3d at 1258 n. 4. Under this analysis, IGRA would authorize Indian tribes to operate Class II card games solely by virtue of current law authorizing charitable organizations and municipalities to operate certain Class II games.

Alternatively, it may be argued that the *Rumsey* analysis should not be applied so broadly where Class II card games are at issue. That is because IGRA makes a distinction in its definition of Class II games between bingo, pull tabs and other bingo-like games on the one hand, and card games on the other. Specifically, IGRA defines Class II card games as games that "are explicitly authorized by the laws of the State" OR that "are not explicitly prohibited by the laws of the State and are played at any location in the State, but only if such card games are played in conformity with those laws and regulations (if any) of the State regarding hours or periods of operation of such card games or limitations on wagers or pot sizes in such card games." 25 U.S.C. 2703(7)(A)(ii)(I) and (II). Current Alaska law meets that definition.

While current Alaska law does not "explicitly" authorize non-banking card games, it clearly does not "explicitly" prohibit them, because of the exemption in AS 11.66.200(b) from prosecution for players in social games. Moreover, since non-banking gambling is allowed in Alaska by players in homes, existing law allows for gambling on card games "at any location in the State."

Thus, Indian tribes are authorized under IGRA to operate non-banking card games under Alaska law as it exists today. Enactment of either HB 272 or SB 165 would not be required as a prerequisite to that authorization.

IV. Territorial Restrictions on Indian Gaming in Alaska.

Even though IGRA would authorize Indian tribes to conduct Class II card games in Alaska under existing state laws, there are additional restrictions in IGRA that may serve to minimize the proliferation of such gaming in Alaska. Indian tribes may conduct Class II and Class III gaming operations only on "Indian lands." Indian lands are defined in IGRA, 25 U.S.C. 2703(4), as:

(A) all lands within the limits of any Indian reservation; and

(B) any lands title to which is either held in trust by the United States for the benefit of any Indian tribe or individual or held by any Indian tribe or individual subject to restriction by the

United States against alienation and over which an Indian tribe exercises governmental power.

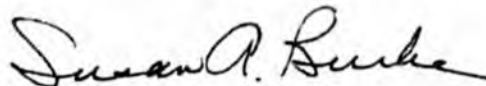
In Alaska, the only lands within an Indian reservation are those within the Metlakatla reservation. The Alaska Native Claims Settlement Act revoked all other reserves set aside for Native use and lands conveyed to regional and village Native corporations are held in fee simple by each corporation. Native corporation lands, then, do not fall within the definition of "Indian lands" because they are not within an Indian reservation, they are not held in trust by the United States, and they are not subject to any restrictions on alienation or sale.

Another category of lands that arguably might constitute "Indian lands" are various Alaska village town sites. While these lands were at one time held in trust, they have since been re-conveyed to the villages in fee simple and are now free of any prior restrictions on the sale of these lands. As a result, village town sites would not qualify as "Indian lands" for purposes of IGRA.

The last category of lands that may constitute "Indian lands" under IGRA are individual Native allotments. There are a number of parcels of land in this category scattered all over the state, and most, if not all, are held by individual Natives and are subject to federal restrictions against alienation. Thus, Native allotments would likely meet two of the three requirements needed to qualify as "Indian lands." What is less clear is whether Native allotments would meet the third requirement that the Tribe must "exercise governmental power" over the lands. This is a complex issue, however, and the result would depend on the facts surrounding the particular parcel in question and the extent to which a recognized tribe actually exercises any governmental powers within the boundaries of that particular parcel.

Please let me know if you have additional questions.

Very truly yours,



Susan A. Burke

SAB:ps

Enclosure

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MEMORANDUM

April 21, 2005

SUBJECT: Card Rooms and Indian Gaming (HB 272)

TO: Representative Pete Kott

FROM: Kathryn L. Kurtz *KL*
Legislative Counsel

You asked whether this bill would affect Indian gaming in Alaska. I do not think this bill will open the door to class three gaming.

The federal Indian Gaming Regulatory Act (IGRA), 25 U.S.C. § 2701 et seq., gives Indian tribes the authority to conduct gaming and gambling on Indian lands. The Indian Gaming Regulatory Act divides gaming into three classes:

- (1) Class I gaming includes social gaming for minimal prizes and traditional Indian gaming conducted at ceremonies or celebrations;
- (2) Class II gaming includes bingo, lotto, pull-tabs, punch boards, tip jars and non banking card games, as well as banking card games operated on or before May 1, 1988;¹ and
- (3) Class III gaming includes casino-type gambling, pari-mutual horse and dog racing, lotteries, and all other forms of gaming that are not class I or II gaming.

Class I gaming on Indian lands is within the exclusive jurisdiction of the tribes and is excluded from the provisions of the IGRA. Class II gaming on Indian lands is within the jurisdiction of the tribes but is subject to the provisions of the IGRA, including oversight by the National Indian Gaming Commission. For example, an Indian tribe seeking to conduct bingo games could choose to do so under the authority of state law or could do

¹ Class II gaming does not include:

- (i) any banking card games, including baccarat, chemin de fer, or blackjack (21), or
- (ii) electronic or electromechanical facsimiles of any game of chance or slot machines of any kind.

Representative Pete Kott

April 21, 2005

Page 2

so separately under a permit from the National Indian Gaming Commission. Class III gaming activities are lawful on Indian lands only if authorized by a tribal ordinance or resolution, the activities are conducted on lands located in a state that permits such gaming for any purpose by any person, organization, or entity, and the activities are conducted in conformance with a tribal-state compact entered into by the tribe and state.

The Act provides a framework for negotiation of a tribal-state compact -- the tribe requests the state to enter into negotiations; upon receiving such a request, the state "shall" negotiate with the tribe in "good faith" to enter into such a compact.

There has been a good deal of litigation involving the various provisions of the IGRA since its passage. Some of that has involved the definition of "Indian lands." Although Alaska has only one remaining reservation, it is not safe to assume that there are no other "Indian lands" in Alaska. There certainly are parcels that are held in trust by the United States that might qualify for purposes of IGRA.

This underscores the significance of the difference between class II and class III gaming. If the legislature permitted class III gaming in state law, it would pave the way for tribes to conduct class III gaming on Indian lands under federal law. However, HB 272 permits only non-banking card games, specifically poker, pan, rummy, bridge, and cribbage games. Poker falls under IGRA's definition of class II games. 25 C.F.R. 502.3; National Indian Gaming Commission Opinion dated June 17, 1999, Re: Game Classification Opinion - "Poker Club."² House banked card games, such as blackjack and baccarat, as well as player banked games, such as chemin de fer, are class III games, 25 C.F.R. 502.4; National Indian Gaming Commission Bulletin No. 95-1, April 10, 1995, but those types of games are not permitted in card rooms under HB 272.

KLK:med
05-284.med

² According to this National Indian Gaming Commission opinion, "Banking games, as commonly understood and defined in the NIGC regulations, are games in which the banker (usually the house) takes on, that is, competes against, all players, collecting from losers and paying winners. See 25 C.F.R. 502.11(c). Conversely, non-banking card games are games where players play against each other. Poker is the typical example of a non-banking card game." The opinion went on to conclude that the proposed poker club would constitute class II, rather than class III gaming: "[A]s proposed, the players in the Nation's Club would play against each other in a non-banking format, not against the house or other banker. Turning Stone and its dealers would not have an interest, financial or otherwise, in the outcome of any poker game. Thus, the poker games to be played at the Club qualify as non-banking card games."



PRESBYTERY OF ALASKA

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INBOX: PRESBYTERY OF ALASKA

April 25, 2005

The Honorable Lesil McGuire
Chair, House Judiciary Committee
Alaska State House of Representatives, District 28
Room 118
State Capitol
Juneau, AK 99801-1182

Dear Representative McGuire:

It has come to our attention the House Judiciary Committee will be conducting a public hearing on House Bill 272 "An Act relating to card rooms and card operations". Unfortunately, prior commitments prevent our having an individual to speak at this hearing; however we would like to go on record strongly opposing the passage of this bill.

Included with this letter is a full statement giving some of the reasons for this position and additional supporting information, including a copy of a letter sent to the chair of the previous committee to hear this bill. In the interest of brevity, I will not restate all of the arguments listed in those documents, but they remain a significant part of our concerns.

As your committee considers this bill, we would urge you to seriously consider if this legislation, if approved, would permit the introduction of legal non-state regulated card rooms. We believe the Federal Indian Gaming Act would permit this. In an April 21, 2005 memorandum to Representative Pete Kott, Legislative Counsel advised that she did not think "this bill will open the door to class three gaming." We would agree. However, we also strongly believe that this bill would open the door to non-state regulated tribal run class two gaming. This would basically allow tribes to open their own legal card rooms, outside the standard control of the State. This question is never clearly addressed in the Counsel's memorandum. We strongly believe that you should seek an official answer to that question before allowing this bill to become law.

We have a number of additional questions as well. Does anything in this legislation restrict the location of the card rooms? Could a card room be opened adjacent to a public school? Could they be located adjacent to a place of worship? We found nothing in the bill to prohibit either situation, but we would think it poor public policy to see either of these happen.

The bill provides that a room owner could offer chips to players based upon a credit agreement. Is there any provision within the bill to establish how much credit could be offered? Is there any provision within this bill or existing state law to limit the amount of interest that might be charged for that credit? We would certainly hope that the State would not be introducing an unregulated credit environment.

It has been noted in previous testimony on this bill that it is believed that a number of illegal card rooms are operating within the State. We seriously doubt that this practice will stop with the creation of the legal card rooms. Obviously those playing in the current illegal rooms are not overly concerned with the illegality of their acts. We ponder why many of these players would opt to play in a legal room, which would be required to charge additional funds to cover the various state licensing costs and which would be required to report the player's winnings to the IRS. It is our fear that making gambling of this form legal in some places would simply serve to entice others into a habit which would eventually lead them to new illegal gambling operations.

On behalf of the Presbytery of Alaska, which is made up of 15 Presbyterian churches from Metlakatla and Ketchikan to the south and Yakutat to the north, I sincerely encourage you to consider these materials when debating this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Guy Warren", with a long horizontal flourish extending to the right.

Elder Guy Warren
Stated Clerk, Presbytery of Alaska

enclosures



PRESBYTERY OF ALASKA

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INBOX: PBY ALASKA

April 20, 2005

The Honorable Tom Anderson
Chair, House Labor and Commerce Committee
Alaska State Representative, District 19
Room 408
State Capitol
Juneau, AK 99801-1182

Dear Representative Anderson:

It has come to our attention the House Labor and Commerce Committee will be conducting a public hearing on House Bill 272 "An Act relating to card rooms and card operations". At this time we are not certain that we will be able to have somebody speak in person on this bill at this hearing; however we would still like to go on record strongly opposing the passage of this bill.

Included with this letter is a full statement giving some of the reasons for this position and additional supporting information.

In particular, we would urge the committee to seek out independent research on the social ills that would accompany expanded legalized gambling within the state. We would also encourage the legislature to seek official opinions on the likelihood that this legislation would expand the amount of non-state regulated "Indian Gaming". Our belief is that contrary to some opinions, the enactment of this law would permit this expansion.

On behalf of the Presbytery, which is made up of 15 Presbyterian churches from Metlakatla and Ketchikan to the south and Yakutat to the north, I sincerely encourage you to consider these materials when debating this legislation.

Sincerely,

Elder Guy Warren
Stated Clerk, Presbytery of Alaska

enclosures

Statement by the Stated Clerk of The Presbytery of Alaska on House Bill 272.

The Presbytery of Alaska consists of the 15 member churches of the Presbyterian Church U.S.A. from Yakutat in the north to Metlakatla in the south.

We believe that this bill represents a significant step towards situations, which will not be in the best interest of the state government or the citizens it serves. It will increase the social problems we face, and it will result in decreased state control through the introduction of increased "Indian gaming".

While some hold that the approval of this legislation will eliminate illegal gambling, we believe that the experience seen in other localities would demonstrate this is not the case. We also believe that the solution to illegal gambling is not simply to legalize it. Certainly we would believe that the legislature would never consider such a solution to other illegal acts. We also believe that the costs the state will incur attempting to repair the social ills that gambling brings with it will exceed whatever benefits the approval of this bill might bring. These social ills include increased domestic violence, various psychological and social problems and an increased incidence of suicide.

While others might disagree, we firmly believe that the introduction of legal card rooms within the state, will, through the terms of the Federal Indian Gaming Act, permit the introduction of similar facilities in locations this bill does not intend, and without any of the controls the state would want to see. We have provided the committee with additional materials from the Federal Indian Gaming Commission detailing our reasons for this belief.

We believe it would be prudent and only right for the Legislature to seek detailed and independently researched estimates on the social costs expanding legalized gambling will bring, and independent legal opinions on the status of the Indian Gaming Laws before introducing more gambling to the state.

The people of this state have spoken in the matter of gambling and they spoke loudly. A proposal to expand gambling within the state was presented to the people in 1990. This measure was defeated by over 40,000 votes, almost a 2:1 margin. We would think it only appropriate that the legislature not override this clear mandate of the people.

Finally, we are not unaware of the increased popularity of card games in this country. Cable television has an impressive array of televised Poker games on display. The players of these games appear happy and certainly not troubled by the ills of gambling. There is a simple reason for this. Those seen in these programs have already won. As an example, the typical World Poker Tour program begins with six players. Each of these players will win thousands of dollars. What the program does not show is the hundreds of players who lost \$15,000 to \$25,000 each to finance the televised prizes. Do we ever hear the stories of the problems these losses cause? Naturally, we do not. Rest assured, these problems do exist there, and will exist at the card rooms, this bill would establish.

Our state's problems with illegal gambling are not nearly so desperate as to take the significant gamble this bill proposes. As a means of encouraging tourism, it should be remembered that the natural attractions we already have for bringing tourists to our state are unmatched, and provide a far better reason for traveling to Alaska than any card room ever could.

Thank you.

World Poker Tour Statistics

A recent World Poker Tour event had 376 players paying \$15,000 each for the chance to win \$1,770,218. Prizes are traditionally given to the top 20 to 30 players. This means that at least 346 of those players went home empty-handed, with \$15,000 less than they started with.

Federal Indian Gaming Act

In an article in the April 9, 2005 edition of the *Anchorage Daily News*, Anchorage Attorney Lloyd Miller is reported as holding that "it didn't appear as though the card room plan would trigger the potential for any tribal operations beyond what is allowed in the bill. I would strongly encourage the Legislature to seek an independent legal opinion on this matter. Our research into this matter leads us to a different conclusion, namely that the legalization of card rooms within the State of Alaska, would permit the tribal operation of their own card rooms, and that these rooms would be exempted from the limits provided in the original version of SB 195. The following is a quote from an overview of the Federal Indian Gaming Regulatory Act appearing on the Indian Gaming Commission website.

"The Indian Gaming Regulatory Act, enacted in 1988 as Public Law 100-497 and now codified at 25 U.S.C. §2701, establishes the jurisdictional framework that presently governs Indian gaming. The Act establishes three classes of games with a different regulatory scheme for each. Class I gaming is defined as traditional Indian gaming and social gaming for minimal prizes. Regulatory authority over class I gaming is vested exclusively in tribal governments.

Class II gaming is defined as the game of chance commonly known as bingo (whether or not electronic, computer, or other technological aids are used in connection therewith) and if played in the same location as the bingo, pull tabs, punch board, tip jars, instant bingo, and other games similar to bingo. Class II gaming also includes non-banked card games, that is, games that are played exclusively against other players rather than against the house or a player acting as a bank. The Act specifically excludes slot machines or electronic facsimiles of any game of chance from the definition of class II games. **Tribes retain their authority to conduct, license, and regulate class II gaming so long as the state in which the Tribe is located permits such gaming for any purpose and the Tribal government adopts a gaming ordinance approved by the Commission.** Tribal governments are responsible for regulating class II gaming with Commission oversight."

URL: <http://www.nigc.gov/nigc/laws/iqra/overview.jsp>

Emphasis ours

Further elaboration on this opinion can be found in the opinions issued by the General Counsel of the Commission. Within the State of Arizona, the General Counsel deemed non-banked Poker games as a Class II game. For the State of New York, the General Counsel deemed a "Poker Club" as a Class II game. In both cases, the Counsel held that as Class II games, they were subject to tribal and federal regulation only. Full details on these opinions can be found on the Indian Gaming Commission's website at the addresses:

<http://www.nigc.gov/nigc/documents/opinions/pokeraz.jsp>

<http://www.nigc.gov/nigc/documents/opinions/pokerclub.jsp>

ALASKA STATE LEGISLATURE

Chair:
Legislative Council

Member:
Community and Regional Affairs
Judiciary
Labor and Commerce – Vice Chair



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REPRESENTATIVE PETE KOTT
DISTRICT 17 – EAGLE RIVER

Memorandum

To: Representative Lesil McGuire - Chair
House Judiciary Committee

From: Representative Pete Kott

Date: 22 April 2005

Re: HB 272 "An Act relating to card rooms and card room operations."

Dear Chairman McGuire,

HB 272 has pass out of the House Labor and Commerce Committee. I respectfully request that HB 272 to be scheduled for a hearing in House Judiciary Committee at your earliest possible convenience.

Thank you for your consideration.

ALASKA STATE LEGISLATURE

Chair:
Legislative Council

Member:
Community and Regional Affairs
Judiciary
Labor and Commerce - Vice Chair



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REPRESENTATIVE PETE KOTT DISTRICT 17 - EAGLE RIVER

Sponsor Statement for

House Bill 272

An Act relating to card rooms and card room operations

The growing popularity of poker is obvious to who have recently surf TV channels. Many networks, from ESPN to the Travel Channel, are regularly televising Texas Hold 'em tournaments and enjoying sky rocketing ratings and subsequent advertising revenues. Men and woman, old and young are joining the poker trend, which shows no signs of slowing. Due to this growth in interest, the intent of HB 272 is to allow social card games to be played in a tightly controlled public environment. Alaska can address the trend and bring this popular pastime into compliance with the safety and revenue laws of the state.

Under HB 272 card rooms would be limited to boroughs with a population of 30,000 or more and only one card room establishment per 30,000 people. These card rooms would be limited to players 21 years of age or older, and they would only offer non-banked card games such as poker, cribbage, rummy, etc.

In addition to the taxable revenue generated by the card rooms, food and drink purchases, and table charges, the establishments would also pay \$10,000 per table annually to the state and would be required to hold quarterly tournaments to benefit a non-profit educational institution or group. As part of the licensing procedure, the card room operators would also be responsible for covering the administrative cost of licensing and subsequent enforcement through a \$25,000 application fee.

In addition to the revenue and job creation, regulated card rooms would allow for players to enjoy their hobby in a safe regulated environment rather than playing in an unsavory, and often unsafe "back room." Currently many players, in addition to their friendly home game, play in underground games where the "house" takes in large profits with little assurance of "fair" play. Although not an everyday occurrence, players at these games have in the past been held up at gunpoint with little recourse because of the shady and illegal nature of the game.

By recognizing this trend and the fact that we already allow this type gaming in our homes, Alaska can address the issue head on and make card games a legitimate, safe, social activity that will increase revenue and job opportunities while minimizing the negative effects of underground gambling.

HB 272 - "An Act relating to card rooms and card operations."

Possible gross sales & employee information for card room operations

\$4 Rake	5	10	15	25	50	100	150
Tables	5	10	15	25	50	100	150
\$90/hr avg	\$450.00	\$900.00	\$1,350.00	\$2,250.00	\$4,500.00	\$9,000.00	\$13,500.00
9hrs/day avg table use	\$4,050.00	\$8,100.00	\$12,150.00	\$20,250.00	\$40,500.00	\$81,000.00	\$121,500.00
Yearly Sales*	\$1,478,250.00	\$2,956,500.00	\$4,434,750.00	\$7,391,250.00	\$14,782,500.00	\$29,565,000.00	\$44,347,500.00

*exclusive of non-card game operations

Avg # Employees Per Table	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Total Number of Employees	22.5	45	67.5	112.5	225	450	675

Types of Employees

Dealer (Mimum Wage +Tips)	\$250-300/day *
Cashiers (part-time)	\$10/hr *
Janitorial/Maintenance	\$8/hr *
Security	\$10/hr *
Brushperson	\$10/hr *
Shift Manager	\$45,000/yr *
Card Room Manager	\$65,000/yr *
	*Plus Benefits