

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHB 32 207

CSHB

32

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE _____

5/5/88
Mr. President:

_____ Finance _____ Committee considered _____ CSHB 32 (FIN) _____

establishing the Alaska Racing Commission and authorizing parimutuel
wagering at sanctioned events

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup attached

SENATE COMMITTEE REPORT

revd 5/4
5-01752

FURTHER

FINANCE

DATE TURNED INTO OFFICE

5/4/88
Mr. President:

Judiciary Committee considered CSHB 32 (FIN)

establishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events

and recommended

replace with 5 CS CSHB 32 ^{Jud} ~~FIN~~ ^(g) same title
 or adopt _____ CS _____ new title

attached amendment(s) and

+ report it back as follow

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 Joe Depina

1 Dan Jack Do Not Pass
2 Miles Sturgis No Rec

1 Kuttah do not pass No Rec
Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER

4/28/88

DATE TURNED INTO OFFICE _____

Mr. President:

Finance Committee considered CSHB 32 (FIN)

establishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events

and recommended

replace with _____ CS _____) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous

zero fiscal impact

*taken from Finance,
to jud, then
back to FIN*

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

FY.89 EXPENDITURE DETAIL

PERSONAL SERVICES:

Executive Director, PX, Range 22A, 6 months \$ 32,020.00
 Clerk-Typist III, PX, Range 8A, 5 months 11,556.60

SUB-TOTAL: \$ 43,576.60

TRAVEL:

FY 89: Three commission meetings in the Anchorage area at 2 days each. This travel assumes three commissioners are appointed from the Anchorage area, one from Fairbanks, and one from Juneau. The staff positions are located in Anchorage.

		TRANSPORTATION	PER DIEM
3 Anchorage area members (160 x 3 x 3)	0		1440
1 Juneau to Anchorage (366 x 3)	1098		480
1 Fairbanks to Anchorage (232 x 3)	696		480
1 Staff person	0		0
Director's Travel (one trip to inspect and review small racing commission operations in Michigan, Maine and New Hampshire)	1000		1120
1 Site inspection (2 Anch. commissioners)	0		160
1 Event (3 days; 2 Anchorage commissioners)	<u>0</u>		<u>1200</u>
	2794		4960

SUB-TOTAL: \$ 7,754.00

CONTRACTUAL:

Postage, Communications, Printing, Advertising and other operating costs 15,000.00
 Office Space rent 5,400.00

SUB-TOTAL: \$ 20,400.00

SUPPLIES: \$ 2,500.00

EQUIPMENT: (One time costs only)

Desk, double pedestal, 70" x 36"	704.63	
Chair, swivel with arms	653.26	
Typewriter, IBM Selectric III	1,201.46	
Chair, side without arms	187.16	
Desk Calculator	137.65	
File Cabinet, 5-drawer, legal 2/lock	401.61	
Table, 72" x 36"	324.82	
Wang terminal	<u>2,100.00</u>	
	5,710.59 x 2	\$ 11,421.18

FY 89 TOTAL GENERAL FUND EXPENDITURES: \$ 85,651.78

FY 89 REVENUE DETAIL:

- One six day event

18,000 Players (estimate based on 3000 per day for six days)

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

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

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

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

FY 89 ESTIMATED REVENUE TOTAL: \$ 68.4

FY 90 EXPENDITURE DETAIL

PERSONAL SERVICES:

Executive Director, PX, Range 22A, 12 months	\$ 64,040.00
Clerk-Typist III, PX, Range 8A, 12 months	27,735.88
SUB-TOTAL:	\$ 91,775.88

TRAVEL:

Four Commission meetings in Anchorage area	11,264.00
2 - Site inspections (two Anchorage area members)	320.00
2 - Events (8 days; 2 Anch area commisrns at \$1280 ea.)	2,560.00
SUB-TOTAL:	\$ 14,144.00

CONTRACTUAL:

Postage, Communications, Printing, Advertising and other operating costs	15,000.00
Office Space rent	5,400.00
Contractual costs to provide services of an auditor and Investigator	15,000.00
SUB-TOTAL:	\$ 35,400.00

SUPPLIES: \$ 2,500.00

FY 90 TOTAL GENERAL FUND EXPENDITURES: \$143,819.88

FY 90 REVENUE DETAIL:

- Two (2) six day events

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

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

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

- \$1.00 per person for the two events equals \$68.6 in revenue (\$1.00 times 68,800 people equals \$68.8)

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

FY 90 ESTIMATED REVENUE TOTAL: \$ 261.2

FY 91 EXPENDITURE DETAIL

PERSONAL SERVICES:

Executive Director, PX, Range 22A, 12 months	\$ 64,040.00
Clerk-Typist III, PX, Range 8A, 12 months	27,735.88
Auditor, PX, Range 18A, 6 months	24,787.25
Investigator III, PX, Range 18A, 6 months	24,787.25

SUB-TOTAL: \$141,350.38

TRAVEL:

Four Commission meetings in Anchorage area 11,264.00

3 - Site inspections (by 3 members from Anchorage area and one from Fairbanks): 712.00

(2 Anch. P/D = 160 x 2 inspections = 320)
 (1 Anch. P/D = 80 + FBX Airfare = \$232 + 80 = 392)

4 - Events (8 days; by 3 members from Anchorage area and one from Fairbanks): 3,184.00

(2 Anch. mbrs.: \$80 x 8 x 2 = 1280)
 (1 Anch. mbr: \$80 x 8 x 7 = \$1,280 +
 1 Fbx. mbr: \$232 + \$80 x 9 (extra day)
 x 2 = 1,904)

SUB-TOTAL: \$ 15,160.00

CONTRACTUAL:

Postage, Communications, Printing, Advertising and other operating costs 15,000.00

Office Space rent 5,400.00

SUB-TOTAL: \$ 20,400.00

SUPPLIES: \$ 2,500.00

FY 91 TOTAL GENERAL FUND EXPENDITURES: \$179,410.38

FY 91 REVENUE DETAIL:

- Four (4) six day events

34,400 Players per event (estimate)

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

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

- \$1.00 per person per event generates 137.6 in revenue (\$1.00 times 34,400 times 4 events)

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

FY 91 ESTIMATED REVENUE TOTAL: \$ 522.8

SENATE COMMITTEE REPORT

FURTHER

FINANCE

DATE TURNED INTO OFFICE _____

3/24/88
Mr. President:

Labor and Commerce Committee considered CSHB 32 (FIN)

establishing the Alaska Racing Commission and authorizing parimutuel
wagering at sanctioned events

major
and recommended

replace with SCS CS CSHB 32 (2)(c)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and *+ do pass*

do pass

do not pass

no recommendation

individual recommendations

FIN

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

Jakrenberg
Mike Symonaki

OTHER RECOMMENDATIONS

Tim Kelly (No Rec)

Tim Kelly - Do Not Pass

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FURTHER: HESS
L&C
FINANCE

5/11/87

DATE TURNED INTO OFFICE 1-27-88

Mr. President:

STATE AFFAIRS Committee considered CSHB 32(Fin)

establishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events.

and recommended:

replace with SCS FOR CSHB 32 (SA) ; same title
 or adopt CS FOR _____) new title
 attached amendment(s) and and a majority of Cmte needs do pass

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

2 Wiche/Donly - No Rec

[Signature]

[Signature]

Chairman signature and recommendation

Committee Backup Attached

Original sponsors: Larson, Menard
and Boyer

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 SENATE CS FOR CS FOR HOUSE BILL NO. 32 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Racing Commission and
7 authorizing parimutuel wagering at sanctioned
8 events; and providing for an effective date."

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

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

11 CHAPTER 40. HORSE RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Commerce and
15 Economic Development. The commission is composed of five members
16 appointed by the governor. One member shall have experience in the
17 regulation, supervision, or conduct of parimutuel wagering or horse
18 racing; one member shall have experience in law enforcement; one
19 member shall have experience in bookkeeping or accounting; two members
20 shall be public members.

21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.

23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
27 11.66.280, or a comparable provision of municipal, state, or federal
28 law.

29 (d) A person may not serve as a member of the commission until
S

1 the investigation required under AS 18.65.080 is completed.

2 (e) The commission shall elect a chairman from its membership.

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

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve
6 staggered terms of four years. A vacancy is filled by appointment for
7 the unexpired term. A member of the commission holds office until a
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The
10 governor may remove a member for cause, including incompetence, ne-
11 glect of duty, or misconduct in office. A member being removed for
12 cause shall be given a copy of the charges and afforded an opportunity
13 to publicly present a defense in person or by counsel upon not less
14 than 10 days' notice. If a member is removed for cause, the governor
15 shall file with the lieutenant governor a complete statement of all
16 charges made against the member and the governor's findings based on
17 the charges, together with a complete record of the proceedings.

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

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the
22 commission do not receive a salary for their service on the commission
23 but are entitled to per diem and travel expenses authorized by law for
24 state boards and commissions under AS 39.20.180.

25 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
26 commission shall, in consultation with the attorney general,

27 (1) adopt regulations concerning

28 (A) the issuance, renewal, suspension, and revocation

29 of licenses and special permits;

1 (B) the immediate suspension of a license or special
2 permit of a person subject to this chapter during an investiga-
3 tion of a violation of this chapter or a regulation adopted under
4 this chapter;

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

7 (D) the distribution of the parimutuel pool among the
8 race meet operator, purse money, winning tickets, and the commis-
9 sion;

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

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

17 (2) regulate and supervise all horse races;

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

19 (4) establish racing dates and durations;

20 (5) sanction horse racing within municipalities at loca-
21 tions approved by the commission;

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

23 (7) make an annual report to the commissioner of commerce
24 and economic development and the legislature of its administration of
25 this chapter before April 15 of each year;

26 (8) keep detailed records of all race meets and of all col-
27 lections and disbursements;

28 (9) supervise the making and distribution of parimutuel
29 pools.

1 (b) The commission may

2 (1) hire staff, and appoint persons as race meet observers,
3 as needed to administer this chapter, if the investigation required
4 under AS 18.65.080 finds that the person has not been convicted of a
5 crime set out in AS 05.40.010(c);

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

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

10 (4) appoint a hearing officer to conduct a hearing required
11 by this chapter or by a regulation adopted under it;

12 (5) by regulation, impose an admission surcharge for a race
13 meet not to exceed \$1 without regard to whether the race meet operator
14 charges an admission fee.

15 Sec. 05.40.060. EMPLOYEES OF THE COMMISSION. Employees of the
16 commission are in the partially exempt service under AS 39.25.120.

17 Sec. 05.40.070. REGULATIONS OF THE COMMISSION. The attorney
18 general shall enforce the regulations of the commission.

19 Sec. 05.40.080. RECORDS OF THE COMMISSION. All records of the
20 commission are public records and subject to public inspection.

21 Sec. 05.40.090. PROCEEDS. Fees and other money received by the
22 commission shall be paid into the general fund.

23 ARTICLE 2. RACE MEETS.

24 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may
25 not conduct a race meet in the state without a race meet operator's
26 license issued by the commission. A race meet operator's license is
27 valid for three years unless revoked or suspended by the commission.

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

1 meet.

2 (c) A race meet operator's license may not be issued until the
3 investigation required under AS 18.65.080 is completed. A person
4 convicted of a crime set out in AS 05.40.010(c) may not receive a race
5 meet operator's license.

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

7 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-
8 pate in a race meet as an owner of an animal participating in the race
9 meet, trainer, jockey, driver, attendant, groom, stable person, veter-
10 inarian, employee of a race meet operator, concessionaire, or conces-
11 sion employee without a special permit issued by the commission.

12 (b) A special permit is valid for one year unless revoked or
13 suspended by the commission. The commission may not issue a special
14 permit under this section until the investigation required under
15 AS 18.65.080 is completed. A person convicted of a crime set out in
16 AS 05.40.010(c) may not receive a special permit.

17 Sec. 05.40.120. LOCAL OPTION. The commission may not sanction a
18 race meet within a municipality unless

19 (1) a majority of the voters in the municipality has ap-
20 proved a referendum authorizing parimutuel wagering on horse races and
21 providing for municipal licensing of race meets within the municipal-
22 ity; and

23 (2) the municipality, after a public hearing on the li-
24 cense, has approved issuance or renewal of the municipal license for
25 the race meet.

26 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as
27 provided in (b) and (c) of this section, the parimutuel pool shall be
28 distributed

29 (1) 65 percent to the holders of winning tickets;

1 (2) 15 percent to the race meet operator conducting the
2 race meet;

3 (3) 10 percent as purse money; and

4 (4) 10 percent to the commission.

5 (b) The commission may by regulation adjust the distribution of
6 the parimutuel pool as necessary to promote efficient and successful
7 race meets. The percentage allocated to holders of winning tickets
8 shall be at least 65 percent of the parimutuel pool.

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

13 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The
14 race meet operator shall report to the commission within 30 days after
15 each race on the distribution of the parimutuel pool.

16 (b) The race meet operator shall report to the commission within
17 30 days after the end of the race meet on the operation and proceeds
18 of concessions at the site of the race meet.

19 Sec. 05.40.150. OBSERVATION OF RACE MEETS. (a) The commission
20 may appoint a member of the commission or other person to observe the
21 conduct of race meets. An observer shall be present at the site of
22 each race meet on the day before, the day after, and during the race
23 meet.

24 (b) A person who is not a member of the commission or an em-
25 ployee of the commission does not receive a salary but is entitled to
26 per diem and travel expenses, for each day the person is engaged in
27 the actual performance of duties as a race meet observer.

28 ARTICLE 3. GENERAL PROVISIONS.

29 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of

1 the commission are subject to the Administrative Procedure Act
2 (AS 44.62).

3 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is
4 subject to AS 39.50 (conflict of interest).

5 Sec. 05.40.950. PROHIBITED ACTS AND PENALTIES. (a) It is a
6 class A misdemeanor to

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

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

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

16 (4) permit a person under the age of 21 to use the pari-
17 mutuel system.

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

20 Sec. 05.40.990. DEFINITIONS. In this chapter

21 (1) "breakage" means the odd cents by which the amount
22 payable on each dollar wagered exceeds a multiple of 10 cents; break-
23 age may not exceed 20 percent of the total amount deposited in the
24 pool;

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

26 (3) "harness race" means a race where the horses are har-
27 nessed to a sulky, carriage, or similar vehicle and driven by a driv-
28 er;

29 (4) "horse race" means either a race where the horses are

1 mounted and ridden by jockeys or a harness race;

2 (5) "parimutuel" means a form of wagering on the outcome of
3 horse races in which those who wager personally purchase tickets of
4 various denominations on a horse and all wagers for each race are
5 pooled and held by the race meet operator for distribution; when the
6 outcome of the race has been decided, the race meet operator distrib-
7 utes the percentage of the total wagers determined by the commission
8 to holders of tickets on the winning horses;

9 (6) "race meet" means an exhibition that includes horse
10 races, where the parimutuel system is used;

11 (7) "race meet operator" means the person who is authorized
12 to conduct a race meet sanctioned by the commission;

13 (8) "special permit" means a permit issued by the commis-
14 sion to participants in a race meet, other than the race meet opera-
15 tor, under AS 05.40.110.

16 * Sec. 2. AS 18.65.080 is amended by adding a new subsection to read:

17 (b) The Department of Public Safety shall investigate and ascer-
18 tain whether the following persons have been convicted of a crime set
19 out in AS 05.40.010(c)

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

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

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

26 (4) an applicant for a license under AS 05.40.100 or a
27 special permit under AS 05.40.110.

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

29 (21) employees of the Alaska Racing Commission.

1 * Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:
2 (49) Alaska Racing Commission (AS 05.40.010).

3 * Sec. 5. AS 44.62.330(a) is amended by adding a new paragraph to read:
4 (55) Alaska Racing Commission (AS 05.40.010).

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

8 * Sec. 7. This Act takes effect July 1, 1989.
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Offered: 4/28/88
Referred: Finance

5-0175T

Original sponsors: Larson, Menard
and Boyer

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 32 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Racing Commission and
7 authorizing parimutuel wagering at sanctioned
8 events."

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

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

11 CHAPTER 40. HORSE RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Commerce and
15 Economic Development. The commission is composed of five members
16 appointed by the governor. One member shall have experience in the
17 regulation, supervision, or conduct of parimutuel wagering or horse
18 racing; one member shall have experience in law enforcement; one
19 member shall have experience in bookkeeping or accounting; two members
20 shall be public members.

21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.

23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
27 11.66.280, or a comparable provision of municipal, state, or federal
28 law.

29 (d) A person may not serve as a member of the commission until
S

1 the investigation required under AS 18.65.080 is completed.

2 (e) The commission shall elect a chairman from its membership.

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

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve
6 staggered terms of four years. A vacancy is filled by appointment for
7 the unexpired term. A member of the commission holds office until a
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The
10 governor may remove a member for cause, including incompetence, ne-
11 glect of duty, or misconduct in office. A member being removed for
12 cause shall be given a copy of the charges and afforded an opportunity
13 to publicly present a defense in person or by counsel upon not less
14 than 10 days' notice. If a member is removed for cause, the governor
15 shall file with the lieutenant governor a complete statement of all
16 charges made against the member and the governor's findings based on
17 the charges, together with a complete record of the proceedings.

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

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the
22 commission do not receive a salary for their service on the commission
23 but are entitled to per diem and travel expenses authorized by law for
24 state boards and commissions under AS 39.20.180.

25 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
26 commission shall, in consultation with the attorney general,

27 (1) adopt regulations concerning

28 (A) the issuance, renewal, suspension, and revocation
29 of licenses and special permits;

1 (B) the immediate suspension of a license or special
2 permit of a person subject to this chapter during an investiga-
3 tion of a violation of this chapter or a regulation adopted under
4 this chapter;

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

7 (D) the distribution of the parimutuel pool among the
8 race meet operator, purse money, winning tickets, and the commis-
9 sion;

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

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

17 (2) regulate and supervise all horse races;

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

19 (4) establish racing dates and durations;

20 (5) sanction horse racing at locations approved by the
21 commission;

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

23 (7) make an annual report to the commissioner of commerce
24 and economic development and the legislature of its administration of
25 this chapter before April 15 of each year;

26 (8) keep detailed records of all race meets and of all col-
27 lections and disbursements;

28 (9) supervise the making and distribution of parimutuel
29 pools.

1 (b) The commission may

2 (1) hire staff, and appoint persons as race meet observers,
3 as needed to administer this chapter, if the investigation required
4 under AS 18.65.080 finds that the person has not been convicted of a
5 crime set out in AS 05.40.070(c);

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

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

10 (4) appoint a hearing officer to conduct a hearing required
11 by this chapter or by a regulation adopted under it;

12 (5) by regulation, impose an admission surcharge for a race
13 meet not to exceed \$1 without regard to whether the race meet operator
14 charges an admission fee.

15 Sec. 05.40.060. EMPLOYEES OF THE COMMISSION. Employees of the
16 commission are in the partially exempt service under AS 39.25.120.

17 Sec. 05.40.070. REGULATIONS OF THE COMMISSION. The attorney
18 general shall enforce the regulations of the commission.

19 Sec. 05.40.080. RECORDS OF THE COMMISSION. All records of the
20 commission are public records and subject to public inspection.

21 Sec. 05.40.090. PROCEEDS. Fees and other money received by the
22 commission shall be paid into the general fund.

23 ARTICLE 2. RACE MEETS.

24 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may
25 not conduct a race meet in the state without a race meet operator's
26 license issued by the commission. A race meet operator's license is
27 valid for three years unless revoked or suspended by the commission.

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

1 meet.

2 (c) A race meet operator's license may not be issued until the
3 investigation required under AS 18.65.080 is completed. A person
4 convicted of a crime set out in AS 05.40.010(c) may not receive a race
5 meet operator's license.

6 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-
7 pate in a race meet as an owner of an animal participating in the race
8 meet, trainer, jockey, driver, attendant, groom, stable person, veter-
9 inarian, employee of a race meet operator, concessionaire, or conces-
10 sion employee without a special permit issued by the commission.

11 (b) A special permit is valid for one year unless revoked or
12 suspended by the commission. The commission may not issue a special
13 permit under this section until the investigation required under
14 AS 18.65.080 is completed. A person convicted of a crime set out in
15 AS 05.40.010(c) may not receive a special permit.

16 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
17 sion may not sanction a race meet within a municipality unless

18 (1) a majority of the voters in the municipality has ap-
19 proved a referendum authorizing parimutuel wagering on horse races and
20 providing for municipal licensing of race meets within the municipal-
21 ity; and

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

25 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as
26 provided in (b) and (c) of this section, the parimutuel pool shall be
27 distributed

28 (1) 65 percent to the holders of winning tickets;

29 (2) 15 percent to the race meet operator conducting the

1 race meet;

2 (3) 10 percent as purse money; and

3 (4) 10 percent to the commission.

4 (b) The commission may by regulation adjust the distribution of
5 the parimutuel pool as necessary to promote efficient and successful
6 race meets. The percentage allocated to holders of winning tickets
7 shall be at least 65 percent of the parimutuel pool.

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

12 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The
13 race meet operator shall report to the commission within 30 days after
14 each race on the distribution of the parimutuel pool.

15 (b) The race meet operator shall report to the commission within
16 30 days after the end of the race meet on the operation and proceeds
17 of concessions at the site of the race meet.

18 Sec. 05.40.150. OBSERVATION OF RACE MEETS. (a) The commission
19 may appoint a member of the commission or other person to observe the
20 conduct of race meets. An observer shall be present at the site of
21 each race meet on the day before, the day after, and during the race
22 meet.

23 (b) A person who is not a member of the commission or an em-
24 ployee of the commission does not receive a salary but is entitled to
25 per diem and travel expenses, for each day the person is engaged in
26 the actual performance of duties as a race meet observer.

27 ARTICLE 3. GENERAL PROVISIONS.

28 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of
29 the commission are subject to the Administrative Procedure Act

1 (AS 44.62).

2 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is
3 subject to AS 39.50 (conflict of interest).

4 Sec. 05.40.950. PROHIBITED ACTS AND PENALTIES. (a) It is a
5 class A misdemeanor to

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

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

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

15 (4) permit a person under the age of 21 to use the pari-
16 mutuel system.

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

19 Sec. 05.40.990. DEFINITIONS. In this chapter

20 (1) "breakage" means the odd cents by which the amount
21 payable on each dollar wagered exceeds a multiple of 10 cents; break-
22 age may not exceed 20 percent of the total amount deposited in the
23 pool;

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

25 (3) "harness race" means a race where the horses are har-
26 nessed to a sulky, carriage, or similar vehicle and driven by a driv-
27 er;

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

1 (5) "parimutuel" means a form of wagering on the outcome of
2 horse races in which those who wager personally purchase tickets of
3 various denominations on a horse and all wagers for each race are
4 pooled and held by the race meet operator for distribution; when the
5 outcome of the race has been decided, the race meet operator distrib-
6 utes the percentage of the total wagers determined by the commission
7 to holders of tickets on the winning horses;

8 (6) "race meet" means an exhibition that includes horse
9 races, where the parimutuel system is used;

10 (7) "race meet operator" means the person who is authorized
11 to conduct a race meet sanctioned by the commission;

12 (8) "special permit" means a permit issued by the commis-
13 sion to participants in a race meet, other than the race meet opera-
14 tor, under AS 05.40.110.

15 * Sec. 2. AS 18.65.080 is amended by adding a new subsection to read:

16 (b) The Department of Public Safety shall investigate and ascer-
17 tain whether the following persons have been convicted of a crime set
18 out in AS 05.40.010(c)

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

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

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

25 (4) an applicant for a license under AS 05.40.100 or a
26 special permit under AS 05.40.110.

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

28 (21) employees of the Alaska Racing Commission.

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

1 (49) Alaska Racing Commission (AS 05.40.010).

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

3 (55) Alaska Racing Commission (AS 05.40.010).

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

Offered: 3/24/88
Referred: Labor and Commerce and
Finance

5-0175N

Original sponsors: Larson, Menard
and Boyer

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 32 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Racing Commission and
7 authorizing parimutuel wagering at sanctioned
8 events."

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

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

11 CHAPTER 40. HORSE RACING AND TEAM DOG RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Revenue. The
15 commission is composed of five members appointed by the governor. One
16 member shall have experience in the regulation, supervision, or con-
17 duct of parimutuel wagering, horse racing, or team dog racing; one
18 member shall have experience in law enforcement; one member shall have
19 experience in bookkeeping or accounting; two members shall be public
20 members.

21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.

23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
27 11.66.280, or a comparable provision of municipal, state, or federal
28 law.

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

2 (e) The commission shall elect a chairman from its membership.

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

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve
6 staggered terms of four years. A vacancy is filled by appointment for
7 the unexpired term. A member of the commission holds office until a
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The
10 governor may remove a member for cause, including incompetence, ne-
11 glect of duty, or misconduct in office. A member being removed for
12 cause shall be given a copy of the charges and afforded an opportunity
13 to publicly present a defense in person or by counsel upon not less
14 than 10 days' notice. If a member is removed for cause, the governor
15 shall file with the lieutenant governor a complete statement of all
16 charges made against the member and the governor's findings based on
17 the charges, together with a complete record of the proceedings.

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

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the
22 commission receive no salary for their service on the commission but
23 are entitled to per diem and travel expenses authorized by law for
24 state boards and commissions under AS 39.20.180.

25 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
26 commission shall, in consultation with the attorney general,

27 (1) adopt regulations concerning

28 (A) the issuance, renewal, suspension, and revocation
29 of licenses and special permits;

1 (B) the immediate suspension of a license or special
2 permit of a person subject to this chapter during an investiga-
3 tion of a violation of this chapter or a regulation adopted under
4 this chapter;

5 (C) the appointment of race officials and their
6 duties;

7 (D) the distribution of the parimutuel pool among the
8 race meet operator, purse money, winning tickets, and the commis-
9 sion;

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

15 (I) other matters directly related to horse racing,
16 team dog racing, and parimutuel wagering;

17 (2) regulate and supervise all horse races and team dog
18 races;

19 (3) inspect and approve race tracks and race horses and
20 racing dogs;

21 (4) establish standards for the design and weight of
22 chariots used in team dog racing;

23 (5) establish racing dates and durations;

24 (6) sanction horse racing at locations approved by the
25 commission;

26 (7) sanction team dog races at locations approved by the
27 commission;

28 (8) set all license and special permit fees;

29 (9) make an annual report to the commissioner of revenue

1 and the legislature of its administration of this chapter before
2 April 15 of each year;

3 (10) keep detailed records of all race meets and of all col-
4 lections and disbursements;

5 (11) supervise the making and distribution of parimutuel
6 pools.

7 (b) The commission may

8 (1) hire staff, and appoint persons as race meet observers,
9 as needed to administer this chapter, if the investigation required
10 under AS 18.65.080 finds that the person has not been convicted of a
11 crime set out in AS 05.40.010(c);

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

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

16 (4) appoint a hearing officer to conduct a hearing required
17 by this chapter or by a regulation adopted under it;

18 (5) by regulation, impose an admission surcharge for a race
19 meet not to exceed \$1 without regard to whether the race meet operator
20 charges an admission fee.

21 Sec. 05.40.060. REGULATIONS OF THE COMMISSION. The attorney
22 general shall enforce the regulations of the commission.

23 Sec. 05.40.070. RECORDS OF THE COMMISSION. All records of the
24 commission are public records and subject to public inspection.

25 Sec. 05.40.080. PROCEEDS. Fees and other money received by the
26 commission shall be paid into the general fund.

27 ARTICLE 2. RACE MEETS.

28 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may
29 not conduct a race meet in the state without a race meet operator's

1 license issued by the commission. A race meet operator's license is
2 valid for three years unless revoked or suspended by the commission.

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

6 (c) A race meet operator's license may not be issued until the
7 investigation required under AS 18.65.080 is completed. A person
8 convicted of a crime set out in AS 05.40.010(c) may not receive a race
9 meet operator's license.

10 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-
11 pate in a race meet as an owner of an animal participating in the race
12 meet, trainer, jockey, driver, attendant, groom, stable or kennel
13 person, veterinarian, employee of a race meet operator, concession-
14 aire, or concession employee without a special permit issued by the
15 commission.

16 (b) A special permit is valid for one year unless revoked or
17 suspended by the commission. The commission may not issue a special
18 permit under this section until the investigation required under
19 AS 18.65.080 is completed. A person convicted of a crime set out in
20 AS 05.40.010(c) may not receive a special permit.

21 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
22 sion may not sanction a race meet within a municipality unless

23 (1) a majority of the voters in the municipality has ap-
24 proved a referendum authorizing parimutuel wagering on horse races and
25 team dog races; and

26 (2) the municipality, after a public hearing on the li-
27 cense, approves issuance or renewal of the license.

28 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as
29 provided in (b) and (c) of this section, the parimutuel pool shall be

1 distributed

2 (1) 65 percent to the holders of winning tickets;

3 (2) 15 percent to the race meet operator conducting the
4 race meet;

5 (3) 10 percent as purse money; and

6 (4) 10 percent to the commission.

7 (b) The commission may by regulation adjust the distribution of
8 the parimutuel pool as necessary to promote efficient and successful
9 race meets. The percentage allocated to holders of winning tickets
10 shall be at least 65 percent of the parimutuel pool.

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

15 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The
16 race meet operator shall report to the commission within 30 days after
17 each race on the distribution of the parimutuel pool.

18 (b) The race meet operator shall report to the commission within
19 30 days after the end of the race meet on the operation and proceeds
20 of concessions at the site of the race meet.

21 Sec. 05.40.150. OBSERVATION OF RACE MEETS. (a) The commission
22 may appoint a member of the commission or other person to observe the
23 conduct of race meets. An observer shall be present at the site of
24 each race meet on the day before, the day after, and during the race
25 meet.

26 (b) A person who is not a member of the commission or an em-
27 ployee of the commission is entitled to compensation of per diem and
28 travel expenses, for each day the person is engaged in the actual
29 performance of duties as a race meet observer.

1 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

2 Sec. 05.40.200. PROHIBITED ACTS AND PENALTIES. (a) It is a
3 class A misdemeanor to

4 (1) violate or fail to comply with a regulation of the
5 commission or a provision of this chapter if no effect on the outcome
6 of the horse race or team dog race was intended;

7 (2) record, report, or register a wager on a horse in a
8 horse race or a team in a team dog race unless under the provisions of
9 this chapter;

10 (3) place a wager upon the results of a horse race or a
11 team dog race except by a parimutuel method of wagering conducted by a
12 race meet operator licensed under this chapter, and upon the grounds
13 or enclosure of the race meet operator;

14 (4) permit a person under the age of 18 to use the pari-
15 mutuel system.

16 (b) Violation of a regulation or provision of this chapter with
17 intent to affect the outcome of a horse race or a team dog race is a
18 class C felony.

19 ARTICLE 4. GENERAL PROVISIONS.

20 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of
21 the commission are subject to the Administrative Procedure Act
22 (AS 44.62).

23 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is
24 subject to AS 39.50 (conflict of interest).

25 Sec. 05.40.990. DEFINITIONS. In this chapter

26 (1) "breakage" means the odd cents by which the amount
27 payable on each dollar wagered exceeds a multiple of 10 cents; break-
28 age may not exceed 20 percent of the total amount deposited in the
29 pool;

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

2 (3) "harness race" means a race where the horses are har-
3 nessed to a sulky, carriage, or similar vehicle and driven by a driv-
4 er;

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

7 (5) "parimutuel" means a form of wagering on the outcome of
8 horse races or team dog races in which those who wager personally
9 purchase tickets of various denominations on a horse or a team and all
10 wagers for each race are pooled and held by the race meet operator for
11 distribution; when the outcome of the race has been decided, the race
12 meet operator distributes the percentage of the total wagers deter-
13 mined by the commission to holders of tickets on the winning horses or
14 teams;

15 (6) "race meet" means an exhibition that includes horse
16 races or team dog races, where the parimutuel system is used;

17 (7) "race meet operator" means the person who is authorized
18 to conduct a race meet sanctioned by the commission;

19 (8) "special permit" means a permit issued by the commis-
20 sion to participants in a race meet, other than the race meet opera-
21 tor, under AS 05.40.110;

22 (9) "team dog race" means a race among five or more teams,
23 each team consisting of eight dogs, along a fixed course, not exceed-
24 ing one mile, where the teams start simultaneously from a common
25 starting point and race to a common finish line.

26 * Sec. 2. AS 18.65.080 is amended by adding a new subsection to read:

27 (b) The Department of Public Safety shall investigate and ascer-
28 tain whether the following persons have been convicted of a crime set
29 out in AS 05.40.010(c)

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

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

5 (3) an applicant to serve as a race official;

6 (4) an applicant for a license under AS 05.40.100 or a
7 special permit under AS 05.40.110.

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

9 (49) Alaska Racing Commission (AS 05.40.010).

10 * Sec. 4. AS 44.62.330(a) is amended by adding a new paragraph to read:

11 (55) Alaska Racing Commission (AS 05.40.010).

12 * Sec. 5. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
13 initial appointment of members of the Alaska Racing Commission within 120
14 days after the effective date of this Act.

Offered: 2/1/88
Referred: Health, Education and Social
Services, Labor & Commerce and
Finance

5-0175X

Original sponsors: Larson and Menard

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 32 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Racing Commission and
7 authorizing parimutuel wagering at sanctioned
8 events."

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

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

11 CHAPTER 40. HORSE RACING AND TEAM DOG RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Revenue. The
15 commission is composed of five members appointed by the governor. One
16 member shall have experience in the regulation, supervision, or con-
17 duct of parimutuel wagering, horse racing, or team dog racing; one
18 member shall have experience in law enforcement; one member shall have
19 experience in bookkeeping or accounting; two members shall be public
20 members.

21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.

23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
27 11.66.280, or a comparable provision of municipal, state, or federal
28 law.

29 (d) A person may not serve as a member of the commission until
S

1 the investigation required under AS 18.65.080 is completed.

2 (e) The commission shall elect a chairman from its membership.

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

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve
6 staggered terms of four years. A vacancy is filled by appointment for
7 the unexpired term. A member of the commission holds office until a
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The
10 governor may remove a member for cause, including incompetence, ne-
11 glect of duty, or misconduct in office. A member being removed for
12 cause shall be given a copy of the charges and afforded an opportunity
13 to publicly present a defense in person or by counsel upon not less
14 than 10 days' notice. If a member is removed for cause, the governor
15 shall file with the lieutenant governor a complete statement of all
16 charges made against the member and the governor's findings based on
17 the charges, together with a complete record of the proceedings.

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

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. Members of the
22 commission receive no salary for their service on the commission but
23 are entitled to per diem and travel expenses authorized by law for
24 state boards and commissions under AS 39.20.180.

25 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
26 commission shall, in consultation with the attorney general, .

27 (1) adopt regulations concerning

28 (A) the issuance, renewal, suspension, and revocation
29 of licenses and special permits;

1 (B) the immediate suspension of a license or special
2 permit of a person subject to this chapter during an investiga-
3 tion of a violation of this chapter or a regulation adopted under
4 this chapter;

5 (C) the appointment of race officials and their
6 duties;

7 (D) the distribution of the parimutuel pool among the
8 race meet operator, purse money, winning tickets, and the commis-
9 sion;

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

15 (I) other matters directly related to horse racing,
16 team dog racing, and parimutuel wagering;

17 (2) regulate and supervise all horse races and team dog
18 races;

19 (3) inspect and approve race tracks and race horses and
20 racing dogs;

21 (4) establish standards for the design and weight of
22 chariots used in team dog racing;

23 (5) establish racing dates and durations;

24 (6) sanction horse racing at locations approved by the
25 commission;

26 (7) sanction team dog races at locations approved by the
27 commission;

28 (8) set all license and special permit fees;

29 (9) make an annual report to the commissioner of revenue

1 and the legislature of its administration of this chapter before
2 April 15 of each year;

3 (10) keep detailed records of all race meets and of all col-
4 lections and disbursements;

5 (11) supervise the making and distribution of perimutuel
6 pools.

7 (b) The commission may

8 (1) hire staff, and appoint persons as race meet observers,
9 as needed to administer this chapter, if the investigation required
10 under AS 18.65.080 finds that the person has not been convicted of a
11 crime set out in AS 05.40.010(c);

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

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

16 (4) appoint a hearing officer to conduct a hearing required
17 by this chapter or by a regulation adopted under it;

18 (5) by regulation, impose an admission surcharge for a race
19 meet not to exceed \$1 without regard to whether the race meet operator
20 charges an admission fee.

21 Sec. 05.40.060. REGULATIONS OF THE COMMISSION. The attorney
22 general shall enforce the regulations of the commission.

23 Sec. 05.40.070. RECORDS OF THE COMMISSION. All records of the
24 commission are public records and subject to public inspection.

25 Sec. 05.40.080. PROCEEDS. Fees and other money received by the
26 commission shall be paid into the general fund.

27 ARTICLE 2. RACE MEETS.

28 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may
29 not conduct a race meet in the state without a race meet operator's

1 license issued by the commission. A race meet operator's license is
2 valid for three years unless revoked or suspended by the commission.

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

6 (c) A race meet operator's license may not be issued until the
7 investigation required under AS 18.65.080 is completed. A person
8 convicted of a crime set out in AS 05.40.010(c) may not receive a race
9 meet operator's license.

10 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-
11 pate in a race meet as an owner of an animal participating in the race
12 meet, trainer, jockey, driver, attendant, groom, stable or kennel
13 person, veterinarian, employee of a race meet operator, concession-
14 site, or concession employee without a special permit issued by the
15 commission.

16 (b) A special permit is valid for one year unless revoked or
17 suspended by the commission. The commission may not issue a special
18 permit under this section until the investigation required under
19 AS 18.65.080 is completed. A person convicted of a crime set out in
20 AS 05.40.010(c) may not receive a special permit.

21 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
22 sion may not sanction a race meet within a municipality unless

23 (1) a majority of the voters in the municipality has ap-
24 proved a referendum authorizing parimutuel wagering on horse races and
25 team dog races; and

26 (2) the municipality, after a public hearing on the li-
27 cense, approves issuance or renewal of the license.

28 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as
29 provided in (b) and (c) of this section, the parimutuel pool shall be

1 distributed

2 (1) 65 percent to the holders of winning tickets;

3 (2) 15 percent to the race meet operator conducting the
4 race meet;

5 (3) 10 percent as purse money; and

6 (4) 10 percent to the commission.

7 (b) The commission may by regulation adjust the distribution of
8 the parimutual pool as necessary to promote efficient and successful
9 race meets. The percentage allocated to holders of winning tickets
10 shall be at least 65 percent of the parimutuel pool.

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

15 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The
16 race meet operator shall report to the commission within 30 days after
17 each race on the distribution of the parimutuel pool.

18 (b) The race meet operator shall report to the commission within
19 30 days after the end of the race meet on the operation and proceeds
20 of concessions at the site of the race meet.

21 Sec. 05.40.150. OBSERVATION OF RACE MEETS. (a) The commission
22 may appoint a member of the commission or other person to observe the
23 conduct of race meets. An observer shall be present at the site of
24 each race meet on the day before, the day after, and during the race
25 meet.

26 (b) A person who is not a member of the commission or an em-
27 ployee of the commission is entitled to compensation of \$100 per day,
28 plus per diem and travel expenses, for each day the person is engaged
29 in the actual performance of duties as a race meet observer.

1 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

2 Sec. 05.40.200. PROHIBITED ACTS AND PENALTIES. (a) It is a
3 class A misdemeanor to

4 (1) violate or fail to comply with a regulation of the
5 commission or a provision of this chapter if no effect on the outcome
6 of the horse race or team dog race was intended;

7 (2) record, report, or register a wager on a horse in a
8 horse race or a team in a team dog race unless under the provisions of
9 this chapter;

10 (3) place a wager upon the results of a horse race or a
11 team dog race except by a parimutuel method of wagering conducted by a
12 race meet operator licensed under this chapter, and upon the grounds
13 or enclosure of the race meet operator;

14 (4) permit a person under the age of 18 to use the pari-
15 mutuel system.

16 (b) Violation of a regulation or provision of this chapter with
17 intent to affect the outcome of a horse race or a team dog race is a
18 class C felony.

19 ARTICLE 4. GENERAL PROVISIONS.

20 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of
21 the commission are subject to the Administrative Procedure Act
22 (AS 44.62).

23 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is
24 subject to AS 39.50 (conflict of interest).

25 Sec. 05.40.990. DEFINITIONS. In this chapter

26 (1) "breakage" means the odd cents by which the amount
27 payable on each dollar wagered exceeds a multiple of 10 cents; break-
28 age may not exceed 20 percent of the total amount deposited in the
29 pool;

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

2 (3) "harness race" means a race where the horses are har-
3 nessed to a sulky, carriage, or similar vehicle and driven by a driv-
4 er;

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

7 (5) "parimutuel" means a form of wagering on the outcome of
8 horse races or team dog races in which those who wager personally
9 purchase tickets of various denominations on a horse or a team and all
10 wagers for each race are pooled and held by the race meet operator for
11 distribution; when the outcome of the race has been decided, the race
12 meet operator distributes the percentage of the total wagers deter-
13 mined by the commission to holders of tickets on the winning horses or
14 teams;

15 (6) "race meet" means an exhibition that includes horse
16 races or team dog races, where the parimutuel system is used;

17 (7) "race meet operator" means the person who is authorized
18 to conduct a race meet sanctioned by the commission;

19 (8) "special permit" means a permit issued by the commis-
20 sion to participants in a race meet, other than the race meet opera-
21 tor, under AS 05.40.110;

22 (9) "team dog race" means a race among five or more teams,
23 each team consisting of eight dogs, along a fixed course, not exceed-
24 ing one mile, where the teams start simultaneously from a common
25 starting point and race to a common finish line.

26 * Sec. 2. AS 18.65.030 is amended by adding a new subsection to read:

27 (b) The Department of Public Safety shall investigate and ascer-
28 tain whether the following persons have been convicted of a crime set
29 out in AS 05.40.010(c)

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

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

5 (3) an applicant to serve as a race official;

6 (4) an applicant for a license under AS 05.40.100 or a
7 special permit under AS 05.40.110.

8 * Sec. 3. AS 39.50.200(b) is amended by adding a new paragraph to read:
9 (49) Alaska Racing Commission (AS 05.40.010).

10 * Sec. 4. AS 44.62.330(e) is amended by adding a new paragraph to read:
11 (55) Alaska Racing Commission (AS 05.40.010).

12 * Sec. 5. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
13 initial appointment of members of the Alaska Racing Commission within 120
14 days after the effective date of this Act.
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Offered: 5/8/87
Referred: Rules

Original sponsors: Larson, Menard and Boyer

note

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 32 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Racing Commission and
7 authorizing parimutuel wagering at sanctioned
8 events."

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

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

11 CHAPTER 40. HORSE RACING AND TEAM DOG RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Revenue. The
15 commission is composed of five members appointed by the governor. One
16 member shall have experience in the regulation, supervision, or con-
17 duct of parimutuel wagering, horse racing, or team dog racing; one
18 member shall have experience in law enforcement; one member shall have
19 experience in bookkeeping or accounting; two members shall be public
20 members.

21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.

23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

26 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
27 11.66.280, or a comparable provision of municipal, state, or federal
28 law.

29 (d) A person may not serve as a member of the commission until

1 the investigation required under AS 18.65.080 is completed.

2 (e) The commission shall elect a chairman from its membership.

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

5 Sec. 05.40.020. TERM OF OFFICE. Members of the commission serve
6 staggered terms of four years. A vacancy is filled by appointment for
7 the unexpired term. A member of the commission holds office until a
8 successor is appointed and qualifies.

9 Sec. 05.40.030. REMOVAL AND SUSPENSION OF MEMBERS. (a) The
10 governor may remove a member for cause, including incompetence, ne-
11 glect of duty, or misconduct in office. A member being removed for
12 cause shall be given a copy of the charges and afforded an opportunity
13 to publicly present a defense in person or by counsel upon not less
14 than 10 days' notice. If a member is removed for cause, the governor
15 shall file with the lieutenant governor a complete statement of all
16 charges made against the member and the governor's findings based on
17 the charges, together with a complete record of the proceedings.

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

21 Sec. 05.40.040. COMPENSATION AND PER DIEM. (a) Except as
22 provided in (b) of this section, members of the commission receive no
23 salary for their service on the commission but are entitled to per
24 diem and travel expenses authorized by law for state boards and com-
25 missions under AS 39.20.180.

26 (b) In addition to per diem and travel expenses, a member of the
27 commission is entitled to compensation of \$100 per day for each day
28 the member is engaged in the actual performance of duties as a race
29 meet observer.

1 Sec. 05.40.050. DUTIES AND POWERS OF THE COMMISSION. (a) The
2 commission shall, in consultation with the Attorney General,

3 (1) adopt regulations concerning

4 (A) the issuance, renewal, suspension, and revocation
5 of licenses and special permits;

6 (B) the immediate suspension of a license or special
7 permit of a person subject to this chapter during an investiga-
8 tion of a violation of this chapter or a regulation adopted under
9 this chapter;

10 (C) the appointment of race officials and their
11 duties;

12 (D) the distribution of the parimutuel pool among the
13 race meet operator, purse money, winning tickets, and the commis-
14 sion;

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

16 (F) veterinary standards for race meets;

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

19 (H) auditing procedures; and

20 (I) other matters directly related to horse racing,
21 team dog racing, and parimutuel wagering;

22 (2) regulate and supervise all horse races and team dog
23 races;

24 (3) inspect and approve race tracks and race horses and
25 racing dogs;

26 (4) establish standards for the design and weight of
27 chariots used in team dog racing;

28 (5) establish racing dates and durations;

29 (6) sanction horse racing at locations approved by the

1 commission;

2 (7) sanction team dog races at locations approved by the
3 commission;

4 (8) set all license and special permit fees;

5 (9) make an annual report to the commissioner of revenue
6 and the legislature of its administration of this chapter before
7 April 15 of each year;

8 (10) keep detailed records of all race meets and of all col-
9 lections and disbursements;

10 (11) supervise the making and distribution of parimutuel
11 pools.

12 (b) The commission may

13 (1) hire staff as needed to administer this chapter;

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

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

18 (4) appoint a hearing officer to conduct a hearing required
19 by this chapter or by a regulation adopted under it;

20 (5) by regulation, impose an admission surcharge for a race
21 meet not to exceed \$1 without regard to whether the race meet operator
22 charges an admission fee.

23 Sec. 05.40.060. REGULATIONS OF THE COMMISSION. The attorney
24 general shall enforce the regulations of the commission.

25 Sec. 05.40.070. RECORDS OF THE COMMISSION. All records of the
26 commission are public records and subject to public inspection.

27 Sec. 05.40.080. PROCEEDS. Fees and other money received by the
28 commission shall be paid into the general fund.

29 ARTICLE 2. RACE MEETS.

1 Sec. 05.40.100. RACE MEET OPERATOR'S LICENSE. (a) A person may
2 not conduct a race meet in the state without a race meet operator's
3 license issued by the commission. A race meet operator's license is
4 valid for three years unless revoked or suspended by the commission.

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

8 (c) A race meet operator's license may not be issued until the
9 investigation required under AS 18.65.080 is completed. A person
10 convicted of a crime set out in AS 05.40.010(c) may not receive a race
11 meet operator's license.

12 Sec. 05.40.110. SPECIAL PERMITS. (a) A person may not partici-
13 pate in a race meet as an owner of an animal participating in the race
14 meet, trainer, jockey, driver, attendant, groom, stable or kennel
15 person, veterinarian, employee of a race meet operator, concession-
16 naire, or concession employee without a special permit issued by the
17 commission. A special permit is valid for one year unless revoked or
18 suspended by the commission.

19 (b) A special permit may not be issued under this section until
20 the investigation required under AS 18.65.080 is completed. A person
21 convicted of a crime set out in AS 05.40.010(c) may not receive a
22 special permit.

23 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
24 sion may not sanction a race meet within a municipality unless

25 (1) a majority of the voters in the municipality has ap-
26 proved a referendum authorizing parimutuel wagering on horse races and
27 team dog races; and

28 (2) the municipality, after a public hearing on the li-
29 cense, approves issuance or renewal of the license.

1 Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as
2 provided in (b) of this section, the parimutuel pool shall be dis-
3 tributed

4 (1) 65 percent to the holders of winning tickets;

5 (2) 15 percent to the race meet operator conducting the
6 race meet;

7 (3) 10 percent as purse money; and

8 (4) 10 percent to the commission.

9 (b) The commission may by regulation adjust the distribution of
10 the parimutuel pool as necessary to promote efficient and successful
11 race meets. The percentage allocated to holders of winning tickets
12 shall be at least 65 percent of the parimutuel pool.

13 Sec. 05.40.140. REPORTS BY THE RACE MEET OPERATOR. (a) The
14 race meet operator shall report to the commission within 30 days after
15 each race on the distribution of the parimutuel pool.

16 (b) The race meet operator shall report to the commission within
17 30 days after the end of the race meet on the operation and proceeds
18 of concessions at the site of the race meet.

19 Sec. 05.40.150. OBSERVATION OF RACE MEETS. The commission may
20 appoint a member of the commission or other person to observe the con-
21 duct of race meets. An observer shall be present at the site of each
22 race meet on the day before, the day after, and during the race meet.

23 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

24 Sec. 05.40.200. PROHIBITED ACTS AND PENALTIES. (a) It is a
25 class A misdemeanor to

26 (1) violate or fail to comply with a regulation of the
27 commission or a provision of this chapter if no effect on the outcome
28 of the horse race or team dog race was intended;

29 (2) record, report, or register a wager on a horse in a

1 horse race or a team in a team dog race unless under the provisions of
2 this chapter;

3 (3) place a wager upon the results of a horse race or a
4 team dog race except by a parimutuel method of wagering conducted by a
5 race meet operator licensed under this chapter, and upon the grounds
6 or enclosure of the race meet operator;

7 (4) permit a person under the age of 18 to use the pari-
8 mutuel system.

9 (b) Violation of a regulation or provision of this chapter with
10 intent to affect the outcome of a horse race or a team dog race is a
11 class C felony.

12 ARTICLE 4. GENERAL PROVISIONS.

13 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of
14 the commission are subject to the Administrative Procedure Act
15 (AS 44.62).

16 Sec. 05.40.910. CONFLICT OF INTEREST ACT. The commission is
17 subject to AS 39.50 (conflict of interest).

18 Sec. 05.40.990. DEFINITIONS. In this chapter

19 (1) "breakage" means the odd cents by which the amount
20 payable on each dollar wagered exceeds a multiple of 10 cents; break-
21 age may not exceed 20 percent of the total amount deposited in the
22 pool;

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

24 (3) "harness race" means a race where the horses are har-
25 nessed to a sulky, carriage, or similar vehicle and driven by a
26 driver;

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

29 (5) "parimutuel" means a form of wagering on the outcome of

1 horse races or team dog races in which those who wager personally
2 purchase tickets of various denominations on a horse or a team and all
3 wagers for each race are pooled and held by the race meet operator for
4 distribution; when the outcome of the race has been decided, the race
5 meet operator distributes the percentage of the total wagers deter-
6 mined by the commission to holders of tickets on the winning horses or
7 teams;

8 (6) "race meet" means an exhibition that includes horse
9 races or team dog races, where the parimutual system is used;

10 (7) "race meet operator" means the person who is authorized
11 to conduct a race meet sanctioned by the commission;

12 (8) "special permit" means a permit issued by the commis-
13 sion to participants in a race meet, other than the race meet opera-
14 tor, under AS 05.40.110;

15 (9) "team dog race" means a race among five or more teams,
16 each team consisting of eight dogs, along a fixed course, not exceed-
17 ing one mile, where the teams start simultaneously from a common
18 starting point and race to a common finish line.

19 * Sec. 2. AS 18.65.080 is amended by adding a new subsection to read:

20 (b) The Department of Public Safety shall investigate and ascer-
21 tain whether a

22 (1) person appointed by the governor to serve as a member
23 of the Alaska Racing Commission under AS 05.40 has been convicted of a
24 crime set out in AS 05.40.010(c);

25 (2) member of the staff of or person employed by the Alaska
26 Racing Commission, a race official, a race meet operator, or a person
27 required to obtain a special permit under AS 05.40.110 has been con-
28 victed of a crime set out in AS 05.40.010(c).

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

1 (49) Alaska Racing Commission (AS 05.40.010).

2 * Sec. 4. AS 44.62.330(a) is amended by adding a new paragraph to read:

3 (55) Alaska Racing Commission (AS 05.40.010).

4 * Sec. 5. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
5 initial appointment of members of the Alaska Racing Commission within 120
6 days after the effective date of this Act.
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1 Passed by the House _____

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Speaker of the House

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5 ATTEST:

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Chief Clerk of the House

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9 Passed by the Senate _____

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President of the Senate

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13 ATTEST:

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Secretary of the Senate

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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act establishing the Alaska
Racing Commission & authorizing parimutuel wagering...
Sponsor: Senate Labor & Commerce
Requestor: _____

Agency Affected: Commerce & Economic Dev.
BRU: Alaska Racing Commission
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL		0	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Kathy Marshall, Director *Kathy Marshall* Phone: 465-2505
Division: Administrative Services Date: _____

Approved by Commissioner: J. Anthony Smith *Kathy Marshall* Date: 4/5/88
Agency: Commerce and Economic Development

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
 Title: An Act establishing the Alaska BRU: Alaska Racing Commission
Racing Commission and authorizing parimutuel wagering...
 Sponsor: Senate Labor & Commerce Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		43.6	91.8	141.4	141.4	141.4
TRAVEL		7.8	14.4	15.2	15.2	15.2
CONTRACTUAL		20.4	35.4	20.4	20.4	20.4
SUPPLIES		2.5	2.5	2.5	2.5	2.5
EQUIPMENT		11.4				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		85.7	144.1	179.5	179.5	179.5
CAPITAL						
REVENUE		68.4	261.2	522.8	522.8	522.8

FUNDING: (Thousands of Dollars)

GENERAL FUND		85.7				
FEDERAL FUNDS						
OTHER			144.1*	179.5*	179.5*	179.5*
TOTAL		85.7	144.1	179.5	179.5	179.5

*Estimated General Fund Program Receipts

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Kathy Marshall, Director Phone: 465-2505
 Division: Administrative Services Date: 4/19/88
 Approved by Commissioner: [Signature] Date: 4/19/88
 Agency: _____

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

FISCAL NOTE

REQUEST:

Revision Date: 1/19/88
 Title: Establishing the Alaska Racing Commission & authorizing pari-mutuel wagering
 Sponsor: Larson and Menard
 Requestor: State Affairs

Agency Affected: Revenue
 BRU: Income and Excise Audit

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	78.4	118.6	123.3	128.2	133.3	-
TRAVEL	13.9	*a 6.0	6.2	6.4	6.7	-
CONTRACTUAL	28.0	29.1	30.3	31.5	32.8	-
SUPPLIES	2.5	2.3	2.2	2.0	2.0	-
EQUIPMENT	33.4	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	156.20	156.00	162.00	168.10	174.80	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	*b 96.3	-	-	-	-

FUNDING: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
FULL-TIME	2	3	3	3	3	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: (Attach a separate page if necessary)

- a. Does not include site inspections nor events from 89-92.
- b. Does not include license fees.

Prepared By: Steven E. Kettel
 Division: Income and Excise Audit

Phone: 465-2320
 Date: 1/19/88

Approved by Commissioner: [Signature]
 Agency: [Signature]

Date: 1/19/88

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

REVISED FISCAL NOTE
CS H B 32

Worksheet

Personal Services--only the Office Manager and the Clerk Typist would be on board for FY 88. An auditor would be added in FY 89 as activities commenced.

Travel--Six commission meetings at 2 days each in Anchorage in FY 88 to develop regulations. Assumed were 3 commissioners from Anchorage, 1 from Fairbanks and 1 from Juneau.

FAI/ANC 6 x \$220	=	\$1,320
JNU/ANC 6 x \$352	=	2,112
per diem 6 x 5 x 2 x \$80	=	4,800
claims for mileage	=	500
Sub Total		\$ 8,732

Public hearings held in Anchorage, Fairbanks, Nome and Juneau by the office manager at 1.5 days each.

Travel	=	\$ 998
Per diem	=	480
Sub Total		\$ 1,578

Site inspections are averaged per inspection as follows for the manager and one commissioner.

Airfare	=	\$ 600
per diem 2 x 2 x \$80	=	320
Sub Total		\$ 920

Events will be attended by the manager and one commissioner.

For 1 6-day event, 8 days are required on site.

Airfare	=	\$ 600
Per diem 2 x 8 x \$80	=	1,280
Compensation @ \$100 per day	=	800
Sub Total		2,680

FY 88 GRAND TOTAL \$13,910

In FY 89 there would be four commission meetings. No site inspections events or regulatory hearings have been included.

FAI/ANC 4 x \$220	=	\$ 880
JNU/ANC 4 x 352	=	1,408
per diem 4 x 5 x 2 x \$80	=	3,200
mileage	=	500

FY 89 GRAND TOTAL \$ 5,988

For FY 90 - 92 a .04% increase was added.

FISCAL NOTE
CSHB 32

Assumptions for revenue figures

1. Effective date of July 1, 1987 and no races during FY '88.
2. Unknown number of races.
3. 34,400 players per 6-day event.
4. An average handle of \$963.2 based on an average wager of \$28.00 (Montana's average).
5. A takeout of 35% (\$337.1) with the state's share at 10% for state revenues of \$33.7 per event.

Assumptions for costs

1. Commission will be headquartered in Anchorage and meet 6 times in FY 88; quarterly thereafter. Each meeting will be 2 days.
2. Personal services will include an office manager to manage and oversee daily activities and to review and attend all events; an auditor I to follow-up all events; and a clerk typist III to process the paper.
3. Travel will include attendance by the office manager and one commissioner at each event plus the commission meetings.

Fiscal notes

5/8/87

Fiscal impact

ALASKA STATE LEGISLATURE

.15th... Legislature FIRST... Session

HOUSE BILL..... NO. 32.....

By ..LARSON,..MENARD,..BOYER....

An Act establishing the Alaska Racing Commission and authorizing pari-mutuel wagering at sanctioned events."

CSHB 32(Fin) BY FINANCE

Offered: 5/8/87
Referred: Rules

TITLE: same

Introduced in the House ... 1/19 ... , 1987.

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on
Jan 19	STATE AFFAIRS AND FINANCE
Mar 20	Reported back with recommendation that <i>State Affairs - CS/SA 2 do pass, 3 do not pass 29 votes to Finance</i>
May 8	Finance - CS/Fin - 670 Rec <i>30 pass, 20 to Rules</i>
May 9	Read second time and <i>CS/Fin adopted and advanced</i>
May 9	Read third time and
May 11	<i>Reconsideration not taken up</i>
May 9	PASS ed Effective Date Yeas 22 Yeas Nays 16 Nays Excused 2 Excused Absent 0 Absent
May 9	Reconsideration PASS Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
5 "	Reported correctly engrossed
5 "	Signed by Speaker
5 "	Sent to Senate
<i>Barrel Carter</i> CHIEF CLERK OF THE HOUSE	

HISTORY IN THE SENATE

1987	Read first time and referred to Committee on
5 "	SA Hess LC FIN
1988	Reported back with <i>sta</i> recommendation that
2 1	<i>w/SES-3 do pass, 1 do not pass, 1 to 10 SES</i>
3 24	<i>Hess replace w/SES-4 do pass, FN to LC</i>
7 28	<i>LC replace SES 3 do pass, 1 to 11, FN to 11</i>
5 4	<i>added referral to grid</i>
5 5	Read second time and then to FIN <i>add replace w/SES 1 do pass, 1 do not pass, FN to 11, 1 to 11 to FN</i>
5	Read a second time
	Read third time and
	PASS Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
	Reconsideration PASS Effective Date Yeas Yeas Nays Nays Excused Excused Absent Absent
	Reported correctly engrossed
	Signed by President
	Returned to House
SECRETARY OF THE SENATE	

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting: VOTE
	Failed to concur in Senate amendment; asked Senate to recede VOTE
	Senate receded from amendment VOTE
	Senate failed to recede from amendment VOTE
	CC appointed by House
	CC appointed by Senate
	CC adopted by House VOTE
	CC adopted by Senate VOTE
	To enrolling Reported correctly enrolled Sent to Governor by Governor
	Filed with Lt. Governor
	Chapter No.

BILL NO: HB 32

DATE: 2/20/87

13

TITLE: "An Act establishing the Alaska Racing Commission and parimutuel wagering"

CONTACT: James D. Vaden
Deputy Commissioner

DEPARTMENT OF
PUBLIC SAFETY

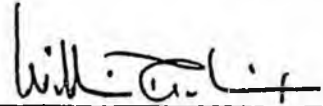
POSTER / PAPER

HB 32 will legalize parimutuel betting at dog and horse races and generate revenues for the general fund.

This Department would be directly affected by the requirement to provide background checks under Section 2, AS 18.65.080(b)(2). of this bill.

Add sub-paragraph "c" to AS 18.65.080: "(c) Investigative reports required by this section will be maintained by the Department of Public Safety as confidential records, but are subject to review by the Commission."

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



William R. Nix
Acting Commissioner



HB 32

~~TEXAS~~ LEGISLATURE APPROVES PARI-MUTUEL HORSE RACING

by Anne Lang

For the first time in over 50 years, Texas lawmakers in a special session voted in favor of a racing bill for the Lone Star State, granting the long-awaited opportunity for citizens to vote on the issue in a statewide referendum.

It survived several tense rounds of voting in both the House and the Senate, where it hadn't survived since 1933.

It survived the proposal (and subsequent defeat) of numerous amendments, some similar to the amendments that managed to kill it in 1985.

It survived the threat of a filibuster, and the poised-pen, Final Hour deliberation of a governor seemingly determined to veto it.

If survival is indeed destined for the fittest, then the Texas pari-mutuel bill is one sound racehorse. This bruised, battered yet triumphant piece of legislation survived all these obstacles and more, and it wasn't even on the original agenda.

For the first time in over 50 years the Texas Legislature approved a pari-mutuel racing bill during a special budget session — finally allowing the voters a chance to say yea or nay on the issue in a statewide referendum next fall.

If the pari-mutuel bill could withstand the assault of all those bar-ners and still pull up sound, can't

that significant progress be viewed as an omen of success destined to continue through the final stretch and well past the wire?

Ricky Knox thinks so. The Texas Horse Racing Association's executive director is elated and relieved about the outcome of the recent legislative action, and is looking ahead with guarded optimism.

"I fell pretty good," Knox declared on September 29, several days after Governor Mark White made his decision to let the bill become law without his signature. "I'm just glad it's over with. There's more a feeling of relief than anything else; to know that you don't have to go back up to the Capitol and work 181 members of the legislature."

This is the second consecutive pari-mutuel battle for Knox. In 1985, he headed up lobbying efforts for a bill that was prematurely rejected by pro-racing and anti-racing legislators alike for being too weighted down with minority and special program provisions, the language of which was too vague to suit amendment advocates and too

Anne Lang is editor of *The Texas Thoroughbred*. Reprinted with permission. *The Texas Thoroughbred*. 1986.

binding to satisfy the others.

The disappointed racing lobbyists learned from that experience, however, reconstructing a new bill that earmarked all of the state's share of the pari-mutuel handle to go toward the general fund. This proved to be a wise move.

A brief review of recent events: Texas' ailing oil economy has been a major contributor to a state deficit that had climbed to an alarming \$3.5 billion as of late last spring, prompting Governor White to call a special session of the legislature on August 6 to deal with the crisis. Among the proposed remedies on the governor's agenda was a state income tax, and a temporary sales tax.

Pari-mutuel horse racing, which White has always staunchly opposed on moral grounds and which was not expected to be brought up due to its delayed effect on the state's economy, was ushered in via the "back door" by Rep. Hugo Berlanga when it appeared that the session was going virtually nowhere in its aim to reduce the deficit. Lt. Governor Bill Hobby and House Speaker Gib Lewis agreed to add the bill to the agenda.

Before surprised horsemen around the state even finished their double-takes at the news, the bill was promptly subjected to the legislative process and, ironically, came to be the only piece of legislation to be acted upon in the first special session.

White then had 20 days to either veto the bill, sign it into law or let it become law without his signature. On Day Twenty (September 24), he chose the latter option; the next step, according to the bill, calls for a statewide referendum, to be followed (if passed) by local-option elections in each Texas county that desires to conduct pari-mutuel horse racing.

The bad news: because pari-mutuel failed to register a two-thirds majority vote in either chamber, it was not included on the general election ballot this November, which includes the gubernatorial election. (Hence: high voter turnout.) The good news: it will be subjected to a statewide referendum vote in November 1987, giving pari-mutuel advocates an entire year to drum up support for racing and to educate the public on the

unlimited benefits the potentially enlarged horse industry will have on the state.

Knox said the lobbying team was not as surprised as the public was about the inclusion of the pari-mutuel issue during the special session, nor about the ultimate outcome.

Even horse racing opponents were helpful in pushing through the bill, Knox pointed out, because they were tired of the issue being introduced every session and taking up valuable legislative time that could, in their estimation, be better spent on the immediate budget situation, and other pressing issues. Many of those opponents urged White not to veto the bill, because they wanted to get it out to the people for a vote "once and for all" Knox said. "They're going to have major financial issues coming up in January, and no one wanted to see this issue back on the floor at that time."

In reviewing the collective factors that led to eventual passage, Knox named education and awareness as major contributors to the outcome. Extensive, continuous efforts by

horsemen, legislative proponents (such as Speaker Lewis, Lt. Gov. Hobby, Rep. Berlanga, Sen. Ike Harris, Rep. Lloyd Criss and others) and lobbyists to illustrate the benefits of horse racing as an entire new industry for the state finally paid off at the Capitol.

"A lot of people tie the passage of the bill to the state's economic condition, and I really don't think that was the case," Knox stated. "I think that if you talk to the other lobbyists — Bob Johnson, Hilary Doran and Rob Johnson — they'll agree that the economy was not the major reason it passed. A lot of it was due to the work that's been done in the past to educate the legislators about the potential industry as a whole, and that pari-mutuel goes beyond just wagering at the tracks.

White's decision to let the bill become law was highly influenced by the people of Texas, Knox said. Horsemen's letters and phone calls received by the governor's office had a major impact, and "really got his attention." Similar supportive input (during the 20-day post-passage period) from the general public all across Texas was also very strong.

Although White has declared he will actively work against the bill between now and the statewide referendum, his opponent in the upcoming gubernatorial race, former Texas Governor Bill Clements, has taken a neutral stance on the issue and will probably remain that way: elected, Knox predicts, publically speaking neither for nor against pari-mutuel. Clements' position all along has been in favor of letting the issue come to a vote of the people, he added, and a sudden change of attitude is not expected.

Not surprisingly, having to wait another year for the statewide referendum is going to result in increased expenditure of both money and man-hours, Knox said, in order to effectively promote the issue.

If pari-mutuel passes in the statewide referendum next fall, the next likely step will be the local-option elections in each of Texas' 254 counties. (Only those counties that desire to conduct pari-mutuel horse racing will be required to hold elections.) The bill limits Class I tracks (operational at least 45 days per year) to counties with populations of at least 50,000, and any adjacent counties. Smaller tracks

(Classes II and III) could be operated in other counties for shorter time periods.

A little-known fact, Knox pointed out, is that the local-option elections can conceivably be conducted before the statewide referendum takes place, if a county decides to do so. The statewide referendum is actually considered to be the final endorsement of the bill.

How soon after county elections, then, can we realistically expect completion of the first Class I track?

"That's a tough timetable to figure out," Knox said. "So much of it hinges on when the governor appoints the racing commission, and how much effort the commissioners have put into visiting other U.S. tracks, hiring their staff, establishing their ground rules for licensing procedures, and so forth. If the racing commission is appointed in, say, February of 1987, and they immediately begin the process of educating themselves on the subject of racing and establishing their rules, then ideally it would go as follows:

"November 1987, statewide referendum. February, March or April 1988, local-option election in a Class I county. Then, if the potential developers and financial planners have been doing their homework — getting an option on the proposed land, full architectural renderings, financial plans — if all those factors were put together and everyone was doing their work you might see someone make application to the racing commission in June of 1988 for a Class I license. It could be even earlier, if the local-option election is held earlier."

After the license application is submitted, Knox said, the racing commission has 120 days to act upon the application. If they haven't taken action within that time period, they can extend their review time for another 30 days, but they must take action (to either accept or reject the application) by the time those 30 days are up.

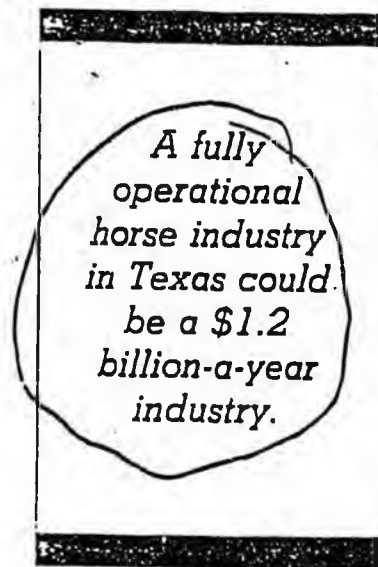
Knox said he does not expect Texas racing to be stalled by any of the problems that have plagued Oklahoma since its passage of pari-mutuel in 1981. Oklahoma's primary error was the takeout structure they established, he said: it was a 6-6-6 split (six percent of the handle to go to the state, six percent to purses, and six percent to

the track, with the remaining 82 percent to be divided among the winning tickets). Six percent was not enough to allow track owners to feasibly maintain a Class I facility, nor even to begin construction. Texas learned from Oklahoma's mistake, Knox declared.

"The Texas Senate Bill 15 calls for a 5-5-8 split on a straight wager; on a multiple wager it's a 5-5-10," Knox explained. "The financial projections we reviewed before we began constructing the bill indicated that our takeout structure is financially feasible for operating a track.

"I think we've learned from Oklahoma that you do have to have a financially workable takeout, but you also have to have a takeout structure that makes the state satisfied that it's getting enough benefit from pari-mutuel to allow it to take place," Knox said.

"So we tried to find a compromise. Originally, in the 1983 and 1985 bills, the legislation called for a 5-5-5 takeout, which was financially unworkable, so we increased the track's take to eight percent to make sure that first-class facilities can be built and maintained.



Texas will begin seeing a net profit from pari-mutuel "probably in 1988," Knox projected, which is when some of the Class II tracks will begin their pari-mutuel programs. In past reports the THRA has estimated that fully operational horse industry in Texas could be a \$1.2 billion-a-year industry and hopefully grow into a \$10 billion-a-year industry.

During the special session

debate, bill co-sponsor Ike Harris forecasted that pari-mutuel wagering alone will provide \$140 million to the state's general revenue account by the year 1991. A Texas Department of Agriculture study shows that pari-mutuel will boost the farm economy by approximately \$713 million, and will bring 25,000 new horses to the state.

"I wish there was some way to calculate the effect of all the satellite industries — tourism, horse sales, real estate purchases, construction — all those factors and more that are going to contribute to the economy, because I think it's going to end up being far more than anyone's projected," Knox said.

"The amount of money being spent in the Texas horse industry even right now is substantial.

"Twenty years from now, when we're looking at the Santa Anita of Houston, the Santa Anita of Dallas and the Santa Anita of San Antonio, and all the first-rate Class II tracks, and all those white fences and horses galloping across pastures throughout the state, it's going to be so exciting to know that EVERYBODY had a part in bringing that reality to Texas," Knox said.

"Sure, we've got the economic and climatic conditions here, but the most important thing is, we have the spirit of Texans."

ALASKANS



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

HB 32

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3107
Mail Stop 3100
(907) 465-3991



December 29, 1986

MEMORANDUM

TO: Representative Mike Szymanski
ATTN: Paula Terrel
FROM: Penelope Weyhrauch
Legislative Analyst
RE: Parimutuel Wagering
Research Request 87.055

You asked for a discussion of state parimutuel wagering programs and revenues received from the programs. You were particularly interested in state fair parimutuel programs, and in the type of people who attend parimutuel wagering activities. In regard to Alaska, you were interested in the amount of revenues that could be generated by parimutuel wagering in the state, and whether or not dedicating parimutuel wagering revenue would violate Alaska's constitutional prohibition on dedicated revenues.

Parimutuel Wagering in the United States

In parimutuel wagering events, all bets on a given race are placed in a common pool, which is proportionally divided among those holding winning tickets after the race is run. Parimutuel wagering events are usually horse and dog races. Some form of horse racing is legal in 36 states, and is actually in operation in 30 states. Thoroughbred racing is legal in 36 states, harness racing in 28 states and quarter horse racing in 23 states. Greyhound racing is legal in 15 states and is operative in 14 states. Attachment A lists by state: parimutuel turnover (gross "handle"), number of racing days, number of races, and race attendance.

Parimutuel Wagering Revenues. Prior to distributing the pool among the winners, a specified percentage, or "takeout", is withheld. The takeout percentage in the western states ranges from 15 to 25 percent. The takeout percentage may be a constant percentage for all wagering pools or may depend on the type of bet, track, or type or number of horses. It may also vary according to whether the meet has a commercial or nonprofit purpose. The takeout is divided between the horse or dog owners' purses, the track, and the state in which the racing is conducted. Table 1 lists the western states and the distribution of the takeout in each state.

TABLE 1

Takeout Percentages and Distribution
in the Western States

State	Total Takeout	State	Meet Operator	Purses	Purse/Breeding Supplements	Other
ARIZONA						
Ave. Handle < \$200,000						
1st \$100,000	18-25	2	15-22		1	
All Additional	18-25	5	12-19		1	
Ave. Handle > \$200,000						
1st \$100,000	18-25	3	14-21		1	
All Additional	18-25	5	12-19		1	
CALIFORNIA						
Thoroughbreds:						
Total Handle < \$250 M.	15-19.75	4.8-6.85	5.26-6.98	4.30-5.88	.34	
Total Handle > \$250 M.	15-19.75	5.7-7.45	4.93-6.49	4.03-5.47	.34	
Quarterhorses	15-19.75	2.5-5.55	6.16-8.43	5.04-7.06		
Harness	16-23.75	1.5-4.79	7.26-12.19	5.28-8.31		
Fair Meets						
Daily Handle < \$650,000	16-20.75	2.0-5.75	5.76-9.32	6.24-9.68		
Daily Handle > \$650,000	16-20.75	4.65-6.40	5.45-7.01	5.90-7.34		
COLORADO						
Commercial Tracks	18.5	3.5	15			
Non-profit Tracks	22.5-23	4	13	5.5	.5	
IDAHO	20-20.75	1.25-2.0	15.5-17.5		1	.25-2.25
MONTANA	20-22	1-1.6	19		0-1.4	

TABLE 1 (Continued)

State	Total Takeout	State	Meet Operator	Purses	Purse/Breeding Supplements	Other
NEVADA						
State Fair, others receiving state or local aid	18	1	17			
All others	18	2	8	8		
NEW MEXICO						
Daily Handle						
1st 250,000	18.75	2	16		.75	
Amount bet. \$250-350,000	18.75	2.5	15.5		.75	
Amount bet. \$350-400,000	18.75	3.5	14.5		.75	
Amount over \$400,000	18.75	6	12		.75	
State Fair	18.75	2	16		.75	
OREGON						
Commercial	18-22	4.5-5.5	6.05-8.75	6.25-6.925	1	.2
State Fair	19-25	.9-2.9	11.5-13.5	5.4-7.4	1	.2
Non-Commercial	16-22	.9-2.9	8.5-11.5	5.4-7.4	1	.2
Non-profit, all others	16-22	1.2-4.2	14.8-17.8			
WASHINGTON						
Daily Handle						
1st \$200,000	15-24.5	.5-4.0	14.5-20.5		1	
Amount bet. \$200-400,000	15-24.5	1-4.5	14.0-20		1	
Amount over \$400,000	15-24.5	4-7.5	11.0-17		1	
WYOMING	20	1	19			

SOURCE: National Association of Racing Commissioners, Pari-Mutuel Racing, 1985, pp. 13-16, and state statutes.

As shown in Table 1, the states' percentage of the takeout ranges from .5 to 7.5 percent. Takeout revenues received by state governments include revenues from track licenses, occupational licenses, parimutuel taxes, breakage (monies in excess of actual payoffs for winning tickets--calculated to the nearest nickel or dime), and admission taxes. Attachment B lists the total revenue and categorized revenue received by states from parimutuel wagering in 1982.

The states apply their percentage of takeouts from parimutuel wagering to different purposes. Table 2 lists the western states' application of their percentage of takeout. State takeout is distributed primarily to a state's general fund and to the State Racing Commission. Some states also fund their fair commissions through parimutuel revenues. Attachment C summarizes tax methods applied by states on parimutuel wagering activities.

Parimutuel Wagering Participants

According to a demographic study done by Dr. John Koza, parimutuel wagering is most likely to occur among white collar workers with one or more years of higher education and with household income of \$35,000 or more. It is less likely to occur among black or hispanic persons with household income of \$7,500 or less. According to Dr. Koza, the poor under-participate in horse racing probably because of the expense of transportation to the races and the relatively high playing expenses.

In regard to particular groups involved in parimutuel wagering, Dr. Koza found that "achievers" more frequently participate in parimutuel wagering than other groups. Achievers are defined as managers, administrators, and leaders in business, government, education, and politics. Dr. Koza estimates that 22 percent of Americans are achievers. Attachment D lists gambling groups identified by Dr. Koza and indexes the gambling activities they frequent.

The Commission on the Review of the National Policy Toward Gambling prepared information on demographic characteristics of on-track bettors in 1974. Table 3 shows that (in 1974) 14 percent of the adult population bet on horse races and four percent of the adult population bet on dog races. Proportionately more men than women bet, with betting increasing as income and educational levels increased.

The family income and horse race betting chart (the lower portion of Table 3) shows that families earning under \$5,000 a year spent a higher percentage of their income on horse races than those earning more money. However, a 1976 survey completed by the National Gambling Commission found that persons in the under \$5,000 family income category had the lowest level of participation in racetrack betting of any income category.

1 The 1985 Consumer Price Index was 52.6 percent greater than the 1974 Consumer Price Index. 1974 Family Income listed on Table 3 should be multiplied by 152.6 percent to reach equivalent 1985 income levels. For example, a family with an income level of under \$5,000, becomes a family with an income level of under \$7,630.

TABLE 2
Distribution of State
Takeout Share

State	Use or Recipient	Percentage or Amount
Arizona	General Fund	61%
	Agriculture Promotion Fund	12%
	Breeders Awards	9.5%
	Fair Racing Betterment Fund	7.5%
	Coliseum Support Fund	6%
	Commission Expenses	4%
California	Fairs and Exposition Fund*	.63%
	General Fund	99.37*
Colorado	Commission Expenses	varies
	General Fund	all remaining funds
Idaho	Commission Expenses	100%
Montana	Commission Expenses	100%
Nevada	Commission Expenses	varies
	County Agriculture Assns.	all remaining funds
New Mexico	General Fund**	100%
OREGON	County Fair Commission	10.5%
	Counties	\$22,000+ each
	Various local shows & events	\$1,000 to \$8,000
	Commission expenses	varies
	OSU School of Vet. Medicine	.1% of gross handle
	General Fund	all remaining funds
Washington	General Fund	47%
	County fair fund	30%
	Commission Expenses	20%
	State Trade Fair Fund	3%
Wyoming	Commission Expenses	100%

SOURCE: National Association of Racing Commissioners,
Pari Mutuel Racing, 1985, pp. 13-16 and state statutes.

* Commission expenses are paid from this fund.

** The commission is funded from the general fund.

Source: John Houser, "Racing Takeout in the Western States" Research
Monograph 86:153, Oregon Legislative Research, August 13, 1986.

TABLE 5-25.—DEMOGRAPHIC CHARACTERISTICS OF ON-TRACK BETTORS, 1974

	Percent who bet at	
	Horseraces	Dograces
Total Sample	14	4
Sex		
Men	16	6
Women	12	2
Region		
Northeast	20	5
North Central	12	4
South	10	3
West	16	4
Income		
Under \$5,000—	6	2
\$ 5,000-\$10,000	12	3
\$10,000-\$15,000	10	5
\$15,000-\$20,000	16	3
\$20,000-\$30,000	19	5
\$30,000 and over	22	5
Education		
Grade school	8	2
High school	15	4
Some college	14	5
College degree	23	6
Age		
Under 25	14	6
25-44 years	17	5
45-64 years	13	6
Over 65 years	3	2

TABLE 3

TABLE 5-26.—FAMILY INCOME AND HORSE RACE BETTING

	Family income						Total
	Under \$5,000	\$5,000-10,000	\$10,000-15,000	\$15,000-20,000	\$20,000-30,000	\$30,000 & over	
Residents of States with legal tracks							
Percent who bet	8.7	15.5	11.2	17.2	20.9	20.3	12.3
Average annual bet per bettor	\$186	\$294	\$396	\$577	\$294	\$436	\$513
Average annual bet per capita	\$16	\$46	\$44	\$99	\$61	\$88	\$78
Average annual takeout per capita (Takeout rate: 16.6%)	\$2.63	\$7.55	\$7.36	\$16.49	\$10.21	\$14.69	\$17.02
Residents of all States							
Percent of income bet at track in 1974 per capita	0.63	0.61	0.35	0.57	0.25	0.22	0.50
Percent of income taken out per capita	0.105	0.101	0.059	0.094	0.041	0.037	0.083
All types of gambling combined							
Percent of income bet in 1974 per capita	2.53	1.55	1.07	1.16	0.67	1.09	1.15
Percent of income taken out per capita	0.62	0.42	0.29	0.23	0.14	0.18	0.25

Source: Gambling in America, Commission on the Review of the National Policy Toward Gambling, Washington, 1976.

State Parimutuel Wagering Programs

States that allow parimutuel wagering that were surveyed include: Montana, Oregon, Arizona, California, and Washington. These states allow parimutuel wagering at their county or state fairs. In general, commercial parimutuel wagering facilities are more financially successful than state fair parimutuel wagering activities.

Montana. Fairs in Montana often offer horse racing as a fair event. Statistical information on horse racing at Montana fairs can be found as Attachment E. One of the most successful fair racing programs is held in Great Falls during the State Fair. In 1986, racing was held for ten days with an attendance of 43,000 people (approximately one-third of the people attending the fair). The total parimutuel handle (i.e. gross revenue) during this time was \$1,193,000.

The takeout for fair races in Montana is 20 percent. Of this amount, the state takes one percent, purses take between seven and nine percent, and the remainder goes to the tracks to pay track overhead. Steve Meloy, Executive Secretary with the Montana Board of Horse Racing, said that (in a good year) one percent or more remains after paying track overhead. This profit generally goes to the county operating fund.

Dog racing is not allowed in Montana, though Mr. Meloy believes it would be a more lucrative parimutuel program than horse racing. He said that start-up costs, maintenance and overhead costs for dog racing would all be considerably cheaper than horse racing. He also said that fewer dogs are required for races than horses; dogs require only a few days between races to recuperate, while horses require a resting period of ten days to two weeks between races.

Oregon. The Oregon State Fair operates a successful horse racing program during fair days. Don Hillman, Deputy Director of the Alaska State Fair, said that racing events are successful because the fair operates the events as a business and has been doing so for over a hundred years. In 1986, racing was held for 11 days with an attendance of 67,500 people (approximately nine percent of the people attending the fair). The total parimutuel handle during this time was \$2,228,659.

The takeout for fair races in Oregon is 19 percent. Of this amount, the State Fair takes 11 percent, purses take 5.4 percent, .9 percent goes to the State Racing Commission, and the remainder is divided between special track improvements and people raising race horses in Oregon. Mr. Hillman said that the state usually takes five to six percent of the takeout on commercial tracks.

Dwight Butz, also with the Oregon State Fair, said that maintaining and operating horse racing facilities is very expensive. Initial start-up expenses at a minimum include: track surface--a hard base topped by four inches of a fairly loose sand and soil mixture, grandstand and backstretch construction, wagering equipment, and stables. Operating expenses include horse trainers, clockers and timers, staff to operate parimutuel equipment,

officials, judges, and concession staff as well as maintenance. Statistical information on horse racing at the Oregon State Fair in 1985 appears as Attachment F. The 1985 actual figures list horse racing revenue and expenditures for the 36 days racing occurred at the fairgrounds.

Arizona. The State Department of Racing allows horse racing at county fairs for four days a year at each fair. The state provides some of the staff necessary to conduct the races and supplies funding for capital improvements for fair racing. State aid for fair racing totals approximately \$1 million a year. According to Dawn Sinclair, Assistant Director of the Department of Racing, some county fairs make as little as \$2,000 in profit a year from racing events. Statistical information on county fair horse racing in Arizona appears as Attachment G. Ms. Sinclair said that areas surrounding fairs usually experience an increase in hotel and restaurant use, and veterinarian services.

California. Lynn Foote, Executive Secretary for the California Horse Racing Board, said that horse racing has been successful in the past, but rising costs, an increase in the number of private race tracks and the state lottery has decreased horse racing attendance. Mr. Foote said that operating fair races is costly and many county racing facilities are run down as a result of inadequate funding for repair. He also said that because racing at county fairs is not an on-going or important fair event, track staff often lack expertise needed to successfully operate parimutuel races. Mr. Foote believes that racing is more successful if handled by a private entity. Statistical information on fair races in California can be found as Attachment H.

Washington. Washington state and county fairs are authorized to operate horse racing during fair days. A percentage of state taxes on wagering is divided among the fairs. No parimutuel wagering revenue is retained by local governments. Will Bachofner, Executive Secretary of the Washington State Horse Racing Commission, said that a considerable amount of state aid is required to regulate and supervise fair racing, probably because fair racing does not generate enough revenue to support itself. Mr. Bachofner believes this is because only a limited number of the people who watch racing actually place bets. Mr. Bachofner does not believe that areas surrounding fairs are significantly affected as a result of racing events.

Mr. Bachofner said that for a fair race to make a profit in the first few years, established race horses would have to be run. He does not believe that people will bet on horses that do not have records or a history. Mr. Bachofner also said that start-up and operating costs for horse racing are more expensive than for dog racing. Limited facilities are needed for dogs, while horses require more elaborate stables and equipment.

Parimutuel Wagering in Alaska

Parimutuel wagering is currently not allowed in Alaska. There is interest by some groups in Alaska in legalizing parimutuel wagering on horse racing and dog sprint, sled, and chariot racing. Marsha Melton, Manager of the Alaska State Fair, is interested in seeing parimutuel racing as an event offered by the State Fair.

Horse Racing. According to Richard Tozier, President of the Alaska Sled Dog Racing Association, horse racing occurred at the state fair as recently as ten years ago. At that time, race horses were raised in the area, although there are currently few race horses in Alaska. Ms. Melton said that a 5/8-mile race track and stables that house 102 horses are already installed at the fairgrounds. The track requires some remodelling and additional stalls (perhaps 200) if racing were to occur again. Ms. Melton also said that some Alaskans own race horses but keep them out of state. She believes that if racing were offered at the fair, these horses would be brought up to Alaska to race. Ms. Melton believes that offering racing at the state fair would increase revenue to the local economy.

Dog Racing. Sled dog racing is an established activity in Alaska, but greyhound and chariot dog races are unfamiliar to the state. Mr. Tozier, speaking for the Alaska Sled Dog Racing Association, said that the association believes a one-mile, open-to-view track would be necessary for parimutuel wagering on sled dog and chariot dog races. Races that are not open to view could not be regulated and bettors might not want to risk money on an unregulated race. Mr. Tozier suggested Palmer, Fairbanks, and Anchorage as potential track locations.

Projected Revenues from Parimutuel Wagering. It is difficult to project revenues from parimutuel wagering in Alaska because it differs from other states with parimutuel wagering programs. Many race tracks in other states have race participants, spectators and bettors who travel to races in different states. It is not known how many horsemen would bring their horses to Alaska to race, or how many bettors will travel to Alaska to wager. It is also not known how many established race horses are stabled in Alaska or how many people in Alaska are interested in parimutuel wagering. These and other variables make it difficult to project revenues from parimutuel wagering at the Alaska State Fair.

According to Ms. Melton, 175,000 people attended the 11 days of the 1986 Alaska State Fair. In Montana, approximately one-third of the people attending the fair attended racing events. The total parimutuel handle during this time was \$1,193,000. If one-third of the Alaska State Fair attendance attended fair racing events, approximately 58,000 people may participate in parimutuel racing at an Alaska State Fair. Using the parimutuel handle figure of the Montana State Fair, a parimutuel handle of \$1,609,000 is projected for races attended by 58,000 people at the Alaska State Fair. The takeout in Montana is 20 percent. If the takeout were 20 percent in Alaska, \$321,800 would be available to pay the purses, track overhead and state or municipal taxes. In Montana, approximately eleven percent of the takeout is used for track overhead and expenses. Using the Montana figure, the Alaska State Fair could expect to receive \$35,400 gross revenue from a parimutuel wagering program during the Alaska State Fair. We have no way to project net revenues.

In Oregon, 67,500 people attended racing events at the State Fair--nine percent of the total number of people attending the fair. The total parimutuel handle during this time was \$2,228,659. Nine percent of the 175,000 people who attended the 1986 Alaska State Fair is 15,750 people.

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December 29, 1986
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Using the parimutuel handle figure from the Oregon State Fair, the parimutuel handle for 15,750 people attending the Alaska State Fair would be \$520,000. The takeout in Oregon is 19 percent, with eleven percent of the total takeout going to the State Fair. Eleven percent of the projected Alaska State Fair parimutuel handle is \$57,200. Thus, using the Oregon figures, \$57,200 could be expected as gross revenue from an Alaska State Fair parimutuel program.

We have no way to project net revenue for the Alaska State Fair because we cannot project racing expenditures. The Oregon State Fair received \$325,400 in net fair racing revenue in 1985 for 36 days of racing, as can be seen on Attachment F. The Oregon State Fair is considered to be very successful in its horse racing activities. Mr. Hillman, of the Oregon State Fair, said that the State Fair's takeout of eleven percent contributes to the fair's racing success.

Dedicating Parimutuel Wagering Revenues. According to John Rubini of the Alaska Attorney General's Office, the constitutional prohibition on dedicated revenues applies to revenues received by the State. The prohibition does not extend or apply to revenues received by municipalities. Lee Sharp, the Matanuska-Susitna Borough attorney, agreed that the constitutional restrictions on dedicated revenue does not apply to municipalities.

The Alaska State Fair is operated by the State of Alaska. If the state operated parimutuel races at the fair, the revenue would be put into the State general fund and could then be appropriated, but not dedicated, to a specific purpose. If the Matanuska-Susitna Borough operated parimutuel races at the fair, the borough could appropriate or dedicate revenues to a specified purpose.

* * *

I hope this information is helpful to you. Attachment I is a study completed for the Oregon State Fair on the horse racing market in Oregon which you may find informative. If you would like additional information, or if we can be of further assistance, please contact our office.

PW

Attachments

5
HB32

PARI-MUTUEL BETTING *

An Analysis of the Implications
of Legalizing Pari-Mutuel Betting
in Alaska, in terms of possible
Underworld Involvement and General
Economic Considerations.

*The following is a summary of a report
prepared for Alaska State Fair, Inc. in
1974.

PARI-MUTUEL BETTING

What It Is

Pari-Mutuel betting is a system of wagering used most often by race tracks. Odds are determined according to the approximate ratio of the amount bet on all horses to the amount bet on each individual horse. Wagers are collected, held by a racing association until the race has been decided, at which time the total amount bet (called the pool), minus the percentage allowed the state and association, is divided among the winning bettors. (See footnote[#]). At the present time, thirty-one states allow pari-mutuel betting for horse racing. In eight of those thirty-one states, pari-mutuels for dog races are legal and in three states, Florida, Connecticut, and California, pari-mutuels exist for jai'alai games.

How It Works

The pari-mutuel system was invented in 1855 by a Frenchman named Pierre Oller. Under his system the odds were computed from the amount of the bet on the winning horse in relation to the amount bet on all the horses in the race, instead of allowing a bookmaker to freely determine odds on his own.² Since odds are determined by the bettors themselves, they are in effect betting against each other, hence the name pari-mutuel. (Pari is French for bet, mutuel means between us.)³ All the money in the pari-mutuel pool less a 15-20% fee for state and track, is distributed to winning bettors according to their original bets.

Since the amount of profit depends upon the number of winning bettors in a certain pool, some French bettors lost money on winning tickets when too many people won. The United States protects its bettors from such a situation by requiring a profit of at least ten to twenty cents on all winning two dollar tickets.⁴ If there is not enough money in the pool to provide this 10-20¢ profit to all winning bettors, then the racing association must make up the difference.⁵ In this situation, there is said to be a "Minus Pool".

In North America, there are three different pari-mutuel pools, Win, Place, and Show. Europe uses Win and Place but not Show. If you bet Win, you will collect if your horse wins the race. For Place, the bettor collects when his horse wins or comes in second. For Show, he wins if his horse comes in either first, second, or third. The money is distributed to winning bettors in the total pool, minus the state and racing association's fee of 15-20%. Payoffs are calculated according to the odds.

[#]The California Business and Professions Code defines pari-mutuel betting as: "a form of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse and all wagers are pooled and held by the racing association for distribution. When the outcome of the race has been decided, the association distributes the total wagers comprising the pool, less the percentage allowed the State and Association, to holders of tickets on the winning horse or horses.

EXAMPLE: Taken from Oswald Jacoby's "Oswald Jacoby on Gambling"

Post 1	WIN POOL	PLACE	SHOW
1. Swizzlestick	\$ 10,000	\$ 5,000	\$ 6,000
2. Black Beauty	10,000	8,000	8,000
3. Baba	15,000	6,000	7,000
4. Cayuse	4,000	2,000	1,800
5. Sweet Patootie	35,000	16,000	20,000
6. Caramel	1,500	800	700
7. Out of Work	8,000	4,500	4,000
8. Silver	12,500	5,700	6,500
TOTALS	\$ 96,000	\$ 48,000	\$ 54,000

The total amount bet to win is \$96,000. Fifteen per cent, or \$14,400 is taken out for the state and track (this percentage may be as high as 20 per cent, and is occasionally slightly less than 15) leaving \$81,600 to be divided among the holders of tickets on Swizzlestick if that noble animal happens to get under the finish wire first. Since the total amount bet on him is \$10,000 there will be a profit of \$7.16 for each dollar bet. The machine calculates this and shows the closest simple odds, 7-1. In the event that Swizzlestick wins, the machine will flash a win price of \$16.30. It will be noted that the correct value for a \$2.00 ticket (all pari-mutuel prices are based upon the lowest priced ticket sold, the \$2.00 ticket) would be \$16.32. The difference, 2¢ in this case, between the correct value and the next lower multiple of ten cents (multiple of twenty cents at some tracks) is known as breakage and goes to the track and state. It does not seem like much but it adds up. Here is a complete list covering each possible winner that shows the approximate odds, the pay-off per \$2.00 ticket, the total pay-off, and the breakage.

HORSE	Odds Shown on Board	\$2 payoff	Total Payoff	Breakage
Swizzlestick	7 to 1	\$ 16.30	\$ 81,500	\$100
Black Beauty	7 to 1	16.30	81,500	100
Baba	4 to 1	10.80	81,000	600
Cayuse	19 to 1	40.80	81,600	0
Sweet Patootie	1 to 5	4.60	80,500	1,100
Caramel	50 to 1	108.90	81,600	0
Out of Work	9 to 1	20.40	81,600	0
Silver	5 to 1	13.00	81,250	350

Let us assume that the race is over and Swizzlestick won, the favorite, Sweet Patootie came in second, and the long shot Cayuse came in third. The price places are calculated as follows:

The total amount bet for place was \$48,000. Fifteen per cent or \$7,200 is taken for the track and state cut leaving \$40,800. The total amount bet on these two horses to place was \$21,000 which, when subtracted from \$40,800, leaves a profit of \$19,800 to be divided equally among the two horses. The \$5,000 bet on Swizzlestick to place represents 2,500 \$2 tickets. By dividing the sum of the original amount bet, \$5,000,

and the amount won, \$9,900, by 1,500, we get the resultant value of each ticket as \$5.96. Swizzlestick, therefore pays the next lower multiple of 10 cents, or \$5.90 to place, and the breakage is \$150.00.

\$16,000 was bet on Sweet Patootie to place. \$25,900 (\$16,000 plus \$9,900=\$25,900) is therefore available to be divided among the 3000 theoretical holders of \$2 tickets. The correct amount is \$3,2375. The actual price is therefore \$3.20, and the breakage is \$300.00.

The calculation of show money is similar. First the track and state 15 per cent are set aside leaving \$45,900. to be divided ($354,800 - 308,900 = 45,900$) among the holders of tickets on the three horses. The total bet to show on the three horses was \$27,300 ($56,000 + 310,000 + 57,300 = 27,300$) making the total profit \$18,100 ($45,900 - 27,300 = 18,100$) or \$6,033.33 per horse. Computing the price as above now gives us:

Swizzlestick pays \$4.00 to show and the breakage is \$33.33

Sweet Patootie pays \$2.60 to show and the breakage is \$33.33

Cayuse pays \$8.70 to show and the breakage is \$3.33

All of these complex calculations are made and displayed by a portable assembly of especially designed electrical equipment called a totalisator.⁸ Betting Pools are usually illegal without the use of a totalisator, which consists of:

1. Standard (win, place and show), daily double and Quinella ticket issuers, which register and total each ticket as it is issued. (See Footnote*).
2. Adding machines which total the sales registered by the standard issuers.
3. An automatic odds computer.
4. Electric indicators which show on the display boards the approximate odds during wagering and the order of finish of the first four entries (result) by program number, entry and pool totals obtained by the adding machines, the prices paid on a \$2 winning mutual ticket, race numbers, time of day, post time, etc.

When you buy your ticket at the pari-mutuel window, the operator (seller) pushes a button and records the sale. His ticket-issuing machine prints and delivers the ticket. At the same time, it registers the amount of the bet with the totalisator, which is an adaption of the dial phone system. This electronic brain adds, sorts and transmits the totals of all bets to the infield tote board at intervals of about ninety seconds until the closing of the pari-mutuel windows.¹⁰

*"Daily Double" is when purchaser must pick winner of two races, usually the first and second races.

"Quinella operates mainly at jai alai games and dog tracks. Bettor must pick two horses, players, or dogs in the same race or game to finish either first or second".⁹

UNDERWORLD INVOLVEMENT

The totalisator makes pari-mutuel betting the cleanest form of gambling in the United States. Before the machinery was in use, race track bettors never knew whether or not the race track was juggling the number of bettors or the amount bet to fatten one's own wallet. Nowadays, however, total bets and bettors are computed and posted instantaneously by machines too closely regulated to allow for deception at any level.

According to Rufus King, former chairman of the American Bar Association, Criminal Law Section and legislative counsel to the Senate Committee on Organized Crime, pari-mutuel betting is honestly what it purports to be. Track operations are so carefully supervised, policed, and double checked that there is little reason to suspect widespread skullduggery, and there have been no major scandals in recent years involving the defrauding of the public. The bettor is, of course, vulnerable to manipulations with the races themselves, but everything pertaining to the schedules, riders, mounts, and the actual running is also rigorously policed. Except for the rare phenomena of the minus pool, the track management has no interest in the outcome of any race; and this justifies the conclusion that race track betting—besides being legal and probably necessarily to some extent because it is legal—remains the cleanest form, per se, among all categories of gambling activity currently popular on the American scene. The possibility of direct tampering with the totalisator, says King, is remote.¹¹

It was during the 1800's that American horse racing was gripped by a large criminal element that bribed jockeys, doped horses, and managed to profit financially from both the track and bookmaking. "Gate-money, concessions, and fraudulent races made tracks very profitable. They therefore attracted the protection racket, from gangsters, police and politicians. Only a very few rich tracks were rich enough, and run by men honourable and influential enough to escape this."¹² As a result, state after state banned racing during the early nineteen hundreds. The number of tracks in the United States went from 314 in 1897 to a bare 25 at one point.¹³

Finally in 1908, horse racing began to recover with the establishment of the Kentucky State Racing Commission as an effective authority over the racing associations.¹⁴ States that were willing to legalize racing again soon established their own racing commissions to supervise and control the associations and pari-mutuel betting. The possibility of bringing the mob under control by regulating racing commissions has been a major argument in favor of legalizing pari-mutuel betting.

A second major argument frequently advanced in favor of pari-mutuel betting is that it brings in additional revenue without burdening the taxpayer. John Lindsay estimated that off-track betting alone would bring in as much as \$50 million dollars annually in New York City.

The promise of easy revenue moved state after state, hard hit by the depression, to legalize pari-mutuels at the race track in 1933.¹⁵ By 1946, the horse racing industry had grown to such an extent that nearly 27 million people paid admissions to major race tracks, and

collectively, just under 47 million persons wagered a staggering 3.3 billion dollars.

The National Association of State Racing Commissioners reported that the States received \$508 million in revenue from pari-mutuel racing in 1971: \$1,300,000 from track licenses, \$1,460,000 from occupational licenses, \$461 million from pari-mutuel taxes, \$3 million from breaks, and \$5 million from miscellaneous sources including concessions.¹³ (For state revenues from pari-mutuels for 1971 see Appendix Two.)

The number of states with legal pari-mutuel betting is up to thirty-one at the present time. Forty states now tax individual income, forty-six tax corporate income, and forty-five have general sales taxes. State expenditures still exceed revenues in most states. From 1953-1968, fifty states enacted three hundred and nine separate legislative tax measures, each of which levied a new tax or increased an old one.²⁰

Pari-mutuel revenue, since it is obtained through voluntary contributions of tax payer's money, is much less painfully extracted from the tax payers than a property tax. 300,000 bookies currently receive across the country money that could be collected by the states. Illegal gambling bets are estimated to be near \$20 billion annually.

VOLUME OF BETTING

"In the era between the repeal of Prohibition in 1933 and the Kefauver investigations in 1950-51, illegal bookmaking grew right along with the spread of pari-mutuel track racing, quickly reaching proportions which made it indisputably the largest criminal monopoly of its day. Applying one authoritatively sanctioned rule of thumb, illegal bets on the pari-mutuel track races had an estimated volume of \$3.00 for every \$1.00 bet directly through the pari-mutuel windows, so that by 1948, with legal bets amounting to \$1.6 billion, a total of nearly \$5 billion was being staked each year with other forms of wagering, particularly bets on college and professional sports, has reduced substantially illegal gambling in the area of horse races. Less than 3% of current underworld gambling activity is involved with horserace betting. The illusion of massive underworld activity nevertheless persists in the minds of many. This misunderstanding has been a major barrier to the legalization of pari-mutuel betting.

In terms of numbers, "twenty-five million Americans, of whom eleven million were women, made at least a \$2 bet on races during 1966 either with their favorite bookie or at one of the country's 150 odd Thoroughbred or harness tracks-of these 11 million women, 83% are housewives and salaried employees, 10% are businesswomen, professional women, or retired, 2% are gamblers, operators of gambling ventures, hustlers, and easy money gals."²²

Even though illegal gambling is a main source of revenue for organized crime, bookies rely upon horse race bets for less than twenty-five per cent of their business. The bulk of their bookmaking consists of bets placed upon sports events. In terms of profit to the bookmaker, \$1 bet on horse racing is worth \$3.50 wagered on football, since the bookie keeps the 17% of the pari-mutuel pool normally given to the state and track.²⁴ The comparative volume of betting is so slight however, that it reduces this overwhelming

where horse races are authorized, or from specified portions of such inclosure or any known bookmaker, known tout, person who has been convicted of a violation of any provision of this chapter of any law prohibiting bookmaking or any other illegal form of wagering on horse races, or any other person whose presence in the inclosure would, in the opinion of the board, be inimical to the interests of the state, of legitimate horse racing or both. No such rule shall provide for the exclusion or ejection of any person on the ground of race, creed or sex."²⁹

All horses are given a saliva test by state veterinarians immediately before their race to detect any drugs to speed them up or slow them down. All races are filmed and reviewed for illegal behavior, such as jostling or the jockey holding his mount back. Additionally, the registry number of each race horse is tattooed on his upper lip as a safeguard against the introduction of ringers in races.³⁰

There are several federal laws operating to curtail illegal gambling activity, in addition to state regulations such as the above. These 1962 laws make it a federal crime for any person to move in interstate travel to promote or participate in a racketeering enterprise. Two other laws make it a felony to transmit bets and wagers between states by wire or telephone or to transport wagering paraphernalia to another state. As defined by Congress, this includes tickets, slips, or paper used in bookmaking, sports pools or the numbers racket.³¹

CONSIDERATIONS FOR ALASKA

The State of Alaska received almost one billion dollars from oil leases signed in 1969. Approximately 400 million remains. Without pipeline revenue, Alaska could be financially bankrupt by 1976, given its current expenditure rate of some \$300 million annually.

State income in 1973-74 amounted to 290 million dollars. Expenditures came to \$364,559,000, leaving a \$114,559,000 deficit last year. For the last four years the State has spent \$373,528,900 more than it received in revenues. Official projections show the money from the North Slope leases will be gone in 1977.

In an effort to raise revenue, Alaska has authorized \$448,927,000 in General Obligation Bonds, \$348,842,000 of which has been issued as of January 1, 1974. Remaining to be issued is \$100,085,000. \$45,424,000 has been paid. This leaves the State with a General Obligation Bond liability or debt of \$303,418,000.

To issue another \$500,000,000 in a 20-year General Obligation Bonds at 5.2% would cost each taxpayer about \$6,037.

The Alaskan pipeline could dramatically change conditions in Alaska. "Building the pipeline and a 370 mile access road would pump 1.5 billion into the state economy."³⁷

Legalized pari-mutuel betting is another way for Alaska to obtain revenue. The following statistics show amounts of revenue raised nationally through pari-mutuels;

financial advantage to the point of insignificance. One New York bookie estimated that 50% of his business is done on college and professional football, 35% on major league baseball, 12% on college basketball and 3% on horse racing, championship fights, golf tournaments and general elections.²⁵

Pari-mutuel betting will not eliminate bookies, since bookmakers offer a number of advantages: they give credit, while tracks do not; they are in every neighborhood; they take exotic wagers (parlays and the like) while state organizations are confined to official odds; and the big gamblers, whether professionals or affluent amateurs, prefer bookies, using money from tax evasion to gamble with.²⁶

Pari-mutuel betting will tend to minimize the involvement of bookies in horse racing, by offering a legitimate outlet for bets. The advantage to bettors at the window is the insurance of payment, of honest odds and state regulation. The danger of corruption can be minimized with the use of such equipment as totalisators.

INSTITUTIONAL SAFEGUARD

A copy of California code covering pari-mutuel betting is included in appendix two. As spelled out in the Code, there is a California Horse Racing Board to supervise and jurisdiction all matters dealing with horse racing in the state. The three Board members are the Governor's appointees serving terms of four years. They are disqualified from membership for;

a) Holding any financial interest in a horse race track or in the operation of any such track or in the operation of any such track within this state, or in the operation of authorized wagering on the results of horse races.

b) Accepting any pecuniary reward other than authorized salary, from any horse race track in this state or in respect to its operation of authorized wagering on the results of horse races.²⁷

The board appoints all its employees who are subject to these same disqualifications.

Licenses must be obtained from the Board to operate a race track. All licenses are subject to suspension or revocation for non-compliance with Board regulations-state racing regulations. All licensees must be residents or registered voters of the state for two years.

The number of racing days for each racing association of the state is allocated by the Board. Depending upon the size of the county the number of racing days varies, ranging from 100 for a county of one million to 14 for a county of less than 500,000 people.

The Board has the power to "compel productions of any and all books, memoranda or documents showing the receipts and disbursements of any person licensed under this chapter".²⁸ It may also subpoena any members.

As concerns bookmaking, section E 13572 states, "Board may, by rule, provide for the exclusion or ejection from any enclosure

PARI-MUTUEL ATTENDANCE AND TURNOVER, 1955-1969

	Number of Racing Days	Total Attendance (thousands)	Pari-Mutuel Turnover
1955	4,899	38,503	\$2,592,000,000
1960	6,099	46,879	\$3,358,000,000
1965	8,051	62,887	\$4,615,000,000
1966	8,384	63,577	\$4,784,000,000
1967	8,621	63,373	\$4,922,000,000
1968	9,051	65,460	\$5,316,000,000
1969	9,539	68,093	\$5,723,000,000

Source: Statistical abstract of the United States, 1970

A table showing pari-mutuel revenue by state is included in Appendix Two.

Games of chance are legal in Alaska when restricted to non-profit organizations to allow them to raise money for educational and patriotic purposes. The concept of gambling is acceptable to The Alaskan Legal Code if the intent has merit.

"Alaska maintains the smallest state population of any state in the Union. Alaskan unemployment is a high 13% and of those who are employed, nearly 50% work on military bases.³⁴ Nearly one-half of the state's people live within a fifty mile radius around Anchorage (pp46, 137)³⁵ Tourists in Alaska annually number about 100,000. "The State badly needs highways, railroads, hotels, ski areas, and more public parks-new lures for urban Americans as well as Japanese, who are relatively near."³⁶

(According to the latest statistics from the Department of Tourism, Juneau (October 7, 1974) there were 252,000 tourists visiting Alaska in 1974. Tourism was up 19% for the first six months of 1974. (M.J. Ryder)

The role of pari-mutuel betting in attracting settlers, providing entertainment and culture, employment at the tracks, and a more diverse economic base should be considered. Population distribution would seem to suggest centering Alaskan Horseracing in the Greater Anchorage area.

Alaska currently has two horse racing tracks, one in Soldotna and one in Palmer. The latter is probably the only one capable of supporting pari-mutuel horse-racing at this time. The Palmer grounds seat 1000 and accomodate over 2,500. (See newspaper article in Appendix Four).

The Pari-Mutuel Attendance and Turnover chart indicates that each bettor generates approximately \$67 worth of revenue for each racing day. Without track improvements to expand capacity, the Palmer track could theoretically generate approximately \$67,000 a day under existing conditions.

If horse racing revenues were running at the low estimate level, Alaska could operate on a percentage basis, as has been done in Wyoming.

Wyoming has a population which approximates Alaska's, and supports two to four racetracks. Jack Miller, Director of Cheyenne Frontier Days Rodeo, allowed as how totalisator equipment rental proved no problem when pari-mutuel betting was in operation. The Rodeo dropped pari-mutuel betting in 1972 to concentrate more fully on the non-racing horse events which were more central to their operation. Crowds for the Rodeo and Horse Racing averaged 16,000 at that time, 40-50% of which were in-state residents. Miller said that multiple considerations are involved in making betting profitable, but that it could be if sufficient emphasis is given to it. Cheyenne Frontier Days dealt with Lloyd Shellhammer of Montana for their equipment, which cost 4 to 5% of the total take (well below the \$100,000 fee of large operations like California's).

Central Wyoming Fair in Casper generally turns significant profits, according to one employee, whose estimate of crowd composition was as high as 75% local. As few as 30% of the horses are in-state, she reported. Central Wyoming Fair runs about ten horses in each of ten races a day during their eight day racing season. Underworld involvement was non-existent, in the opinion of the track.

One Wyoming couple was interviewed. They went to the race track on occasion, felt it was interesting entertainment. The couple, retired for some years, felt that it was a good idea to legalize pari-mutuel betting in order to keep control over it and bring money to the state. They thought the majority of the crowds were local and were not aware of any underworld involvement.

Unlike Alaska, Wyoming borders on five states with legal pari-mutuels, namely Montana, Idaho, Colorado, Nebraska and South Dakota. A significant number of horses come to Wyoming from Colorado. Alaska is approximately 1,500 miles from the closest racing state. Transportation systems are comparatively poor. The main highway to Alaska from the continental United States travels 1,523 miles between Dawson Creek, British Columbia, and Fairbanks, Alaska. All but 300 miles of it lie in Canada. Most is unpaved.

Alaska could expect to raise sufficient crowds of spectators and it is anticipated that horses, from the Lower 48 and Canada would be shipped into Alaska to assure a satisfactory racing program. In the embryonic stages of development it is estimated that three hundred horses would be required to run a racing program that would be economically sound. Money must be spent building stables, obtaining feed, employing veterinarians, jockeys, saddle and harness makers, blacksmiths, stewards, underwriters and state inspectors.

Initially, many of the amenities usually associated with horse racing tracks would be missing, but the basic plant could be provided to meet minimum standards. Similarly, a fair could work without totalisators, using modern computers not in existence at the time when totalisators were conceived. One Anchorage business equipment firm has indicated that it could provide small computers, complete with pari-mutuel program for under \$3,000 (total cost of purchasing equipment and program). Such computers might be more viable under current conditions.

Dog racing might be a more desirable form of pari-mutuel betting in Alaska. The following quote tells about the Wonderland dog racing track in Revere, Massachusetts.

"A dog track bears absolutely no resemblance to an oriental palace. It looks more like something you race kiddie-cars

LIST OF FOOTNOTES

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- 5) Ibid.
- 6) Ibid.
- 7) Jacoby, op.cit., pps. 104-107.
- 8) John Scarne, Scarne's Complete Guide to Gambling, (New York: Simon and Schuster, 1961), p. 46.
- 9) Encyclopedia Americana, op.cit.
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- 11) Rufus King, Gambling and Organized Crime, (Washington D.C.: Public Affairs Press, 1969), p. 62.
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- 13) Ibid.
- 14) Ibid.
- 15) "New Losers," Nation January 26, 1974, p. 100-101.
- 16) Harland B. Adams, The Guide to Legal Gambling, (New York: The Citadel Press 1966), p. 113.
- 17) Ibid.
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- 19) Ibid., p. 1
- 20) Ibid.
- 21) King, op.cit., pps. 64-65.
- 22) Joan Scarne, The Woman's Guide to Gambling, (New York: Brown Publishers, Inc., 1967) p. 124.