

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

HB 32 cont. , HB 35 209

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	\$5,315,000,000
1969	9,539	68,099	\$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

- 1) Deering's California Codes: Business and Professions Code 12.400 to End, Annotated of the State of California. Annotated and Indexed by the Publisher's editorial staff. (San Francisco: Bancroft-Whitney Company, 1960) p.5.
- 2) Oswald Jacoby, Oswald Jacoby on Gambling, (Garden City, New York: Doubleday and Company, Inc., 1963), p. 193.
- 3) Ibid.
- 4) "Horse Racing," Encyclopedia Americana (New York: Americana Corporation, Vol. 21, 1971).
- 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. 48.
- 9) Encyclopedia Americana, op.cit.
- 10) Scarne, op.cit., pps. 48-49.
- 11) Rufus King, Gambling and Organized Crime, (Washington D.C.: Public Affairs Press, 1969), p. 62.
- 12) Longrigg, Roger, The History of Horse Racing, (New York: Stein and Schuster, 1961), p. 230.
- 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.
- 18) Virginia G. Cook, Gambling: Source of State Revenue, (Lexington, Kentucky: Council of State Governments, January, 1973), p. 19.
- 19) Ibid., p. 1
- 20) Ibid.
- 21) King, op.cit., pps. 64-65.
- 22) John Scarne, The Woman's Guide to Gambling, (New York: Crown Publishers, Inc., 1967) p. 124.

on. The back area required to kennel the dogs is relatively meager, and Wonderland was paying the almost negligible Revere taxes. Unlike the horsemen, the dog owners are very reasonable people, possibly because nobody ever told them they were the heirs to the Sport of Kings. The upkeep on a Greyhound is no more than you would expect it to be; there are no jockeys to split the purse with; the owners are sometimes their own trainers; and there are only a few states in which they can race. Taken altogether, they are more willing to take what they can get. The total purses on any given night are a percentage of the handle on that day; that's right, the winning owner doesn't know what he's won until the night is over."39

There are seven states that have pari-mutuel dog races; Florida (17 tracks, 5,923,000 attendance and a pari-mutuel handle of \$303,056,000 in 1967-68), Arizona (5 tracks), Massachusetts (6), Colorado (4), Oregon (1), Arkansas (1), and South Dakota (2).

One possibility unique to Alaska would be Pari-mutuels on sled dog racing, the kind which is currently run annually by the Anchorage Fur Rendezvous.

CONCLUSION

Pari-mutuel betting is currently legal in thirty-one out of fifty states. The experience of these states has been that pari-mutuel betting is usually profitable, resulting in additional state revenue. Population does not seem to be a handicap for Alaska, as indicated by the example of Wyoming, whose population is roughly equivalent. If legalized, pari-mutuel betting should be profitable and in other ways beneficial to Alaska under normal conditions.

Fears of underworld involvement in legal pari-mutuel betting stem from past experiences which no longer hold true. Today less than three per cent of illegal bookmaking involves horseracing. With the correct equipment and legal safeguards, most experts would agree that criminal bookmaking poses no threat to horseracing in Alaska.

A variety of other considerations exist which argue for legalization: badly needed funds for state government, attracting settlers and tourists, providing recreation and amusement, creating much needed jobs and stimulating a variety of new supporting industries, to name a few. Arguments against legalizing pari-mutuel betting center largely on the unfounded fear of criminal involvement and moral objections which are not objectively verifiable.

Several questions remain: Can Alaska ultimately provide the horses for large scale pari-mutuel operations? Should Alaska simply remain at a low level of operations, using its own horses and computers? How will the myriad of special conditions unique to Alaska affect the situation as a whole?

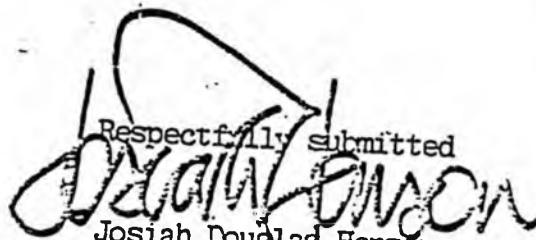
These questions in no way present obstacles to legalization and will be easily answerable on investigation once pari-mutuel betting is approved. The conclusion of this report is that neither economic considerations nor the possibility of underworld involvement stand in the way of such approval.

- 22) Task Force Report on Legalized Gambling to Honorable Evelle J. Younger, Attorney General State of California. (Sacramento: California Department of Justice, 1971), p.
- 24) Ibid.
- 25) M. Cope, "Profile of a Bookmaker," Saturday Evening Post 236, April 27, 1963, p. 37.
- 26) "New Losers" Nation January 26, 1974, p. 190-191.
- 27) Deering's California Code, op.cit.
- 28) Ibid., p. 15.
- 29) Ibid., p. 53.
- 30) Scarne, Scarne's Complete Guide to Gambling. op.cit., p. 62.
- 31) Robert Kennedy, "Baleful Influence of Gambling from the Two Dollar Bet to Narcotics," Atlantic Monthly January 4, 1962 p. 78-79.
- 32) "The Great Land: Boom or Doom?" Time July 27, 1970 p. 45-46.
- 33) Task Force, op.cit.
- 34) "The Great Land: Boom or Doom?" op.cit.
- 35) Ibid.
- 36) Ibid., p. 50.
- 37) Ibid., p. 48.
- 38) Adams, op.cit., p. 114.
- 39) Bill Veeck, Thirty Tons a Day (New York: The Viking Press, 1972), pps. 112-113.

BIBLIOGRAPHY

- 1) Adams, Harland B. The Guide to Legal Gambling New York: The Citadel Press, 1966.
- 2) Book of the States (1972-1973) The Council of State Governments Vol. XIX Lexington: Kentucky.
- 3) Cook, Virginia G. Gambling: Source of State Revenue Published by Council of State Governments, Iron Works Pike, Lexington, Kentucky: Jan., 1973.
- 4) Cope, M. "Profile of a Bookmaker," Saturday Evening Post 236: April 27, 1963.
- 5) Deering's California Codes: Business and Professions Code 19400 to End. Annotated of the State of California. Annotated and Indexed by the Publisher's editorial staff. San Francisco: Bancroft-Whitney Co, 1960.
- 6) "Horse Racing," Encyclopedia Americana New York: Americana Corporation, Vol. 21, 1971.
- 7) Jacoby, Oswald. Oswald Jacoby on Gambling. Garden City, New York: Doubleday and Company, Inc., 1963.
- 8) Kennedy, Robert "Baleful Influence of Gambling from the Two Dollar Bet to Narcotics" Atlantic Monthly, January 4, 1962.
- 9) King, Rufus. Gambling and Organized Crime. Washington D.C.: Public Affairs Press, 1959.
- 10) Longrigg, Roger. The History of Horse Racing. New York: Stein and Schuster, 1961.
- 11) "New Losers," Nation January 26, 1974.
- 12) Scarne, John. Scarne's Complete Guide to Gambling. New York: Simon and Schuster, 1961.
- 13) Scarne, John. The Woman's Guide to Gambling. New York: Crown Publishers, Inc. 1967.
- 14) Task Force Report on Legalized Gambling to Honorable Evelle J. Younger, Attorney General State of California. Sacramento: California Department of Justice, 1971.
- 15) "The Great Land: Boom or Doom?" Time July 27, 1970.
- 16) Veck, Bill. Thirty Tons a Day. New York: The Viking Press, 1972.

Respectfully submitted

A handwritten signature in dark ink, appearing to read "JOSIAH HENSON". The signature is written in a cursive style with a large, sweeping initial "J".

Josiah Douglas Henson
JOSIAH HENSON ASSOCIATES
Special Consultants to the
Alaska State Fair, inc.
Horse Racing Commission

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: CSHB 32 (State Affairs)
Publish Date: _____

Revision Date: _____
Title: "An Act establishing the Alaska
Racing Commission..."
Sponsor: House State Affairs
Requestor: Representative Larson

Agency Affected: Department of Law
BRU: Legal Services
Prosecution
Components: Legal Services Operations,
Prosecution - Various

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		50.0	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		50.0	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		50.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see attached analysis.

Richard I. Pegues

Prepared by: Richard I. Pegues, Director Phone: 465-3672

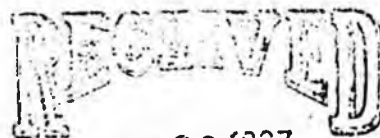
Division: Administrative Services Date: April 21, 1987

Approved by Commissioner: Richard I. Pegues / FOR /
Grace Berg Schaible, Atty. Gen. Date: April 21, 1987

Agency: Department of Law

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary



CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 32

This bill amends AS 05 by establishing the Alaska Racing Commission and by authorizing parimutuel wagering at sanctioned horse race and team dog race events. The bill provides that the commission, and its staff, would be responsible for regulating all sanctioned events under a comprehensive regulatory scheme that covers nearly every aspect of race operations and wagering. It is our view that a substantial body of regulations will need to be drafted and adopted to carry out the purposes of this bill. We are therefore requesting \$50,000, as a one-time expense, to handle the drafting effort. We believe that this is the minimum amount necessary to insure proper regulatory oversight, if this form of legalized wagering is authorized in the state.

Unfortunately, we cannot predict future legal costs that may occur once sanctioned racing is established, because of our total lack of experience in this area. It is conceivable, however, that if racing becomes well established that at least one civil attorney and one criminal attorney could be required on a continuing basis due to racing activity. Because of the severe budget constraints that have already been felt by the department, and because of further budget reductions that will take place in FY 88, it will be necessary to request additional funds when and if racing activities so warrant.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB32

Publish Date: _____

REQUEST _____

Revision Date: March 17, 1987

Agency Affected: Revenue

Title: Establishing the Alaska Racing Commission & authorizing parimutuel wagering

BRU: Public Services Operating

Sponsor: Larson and Menard

Components: _____

Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
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	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS/CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	156.20	156.00	162.00	168.10	174.80

CAPITAL	-	-	-	-	-	-
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REVENUE	-	-	*b33.7	-	-	-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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: Sally Smith

Phone: 465-2392

Division: Public Services

Date: March 17, 1987

Approved by _____

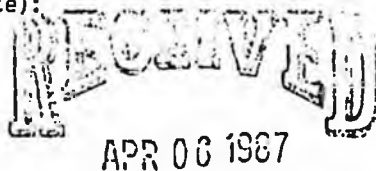
Date: 3/31/87

Commissioner: [Signature]

Agency: Revenue

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)
- Senate Secretary



REVISED FISCAL NOTE
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
HB 32Assumptions 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.

Position Title Clerk Typist III		No. of Positions 1	Range/Step BA	Barg. Unit GGU
Time Status Full	Staff Months 12	Location Anchorage		Election District
Type of Expenditure		Justification		
		This position will provide clerical support for professional staff and the commission.		
Amount				
1	2	3		
Salary	16,031.00			
Benefits	7,259.00			
Premium Pay				
Other				
Total Personal Services		23,290.00		
Travel				
Contractual		5,700.00		
Commodities		500.00		
Equipment				
Other				
Total Cost		29,490.00		
Funding Source for Total Cost				
Federal Receipts	1002			
G. P. Match	1003			
General Fund	1004	29,490.00		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Revenue
 BRU Public Services - Operating
 Component _____

Page _____ of _____
 Revised Date _____

FY 88

Position Title Revenue Auditor I		No. of Positions 1	Range/Step 14A	Barg. Unit GGU	
Time Status Full	Staff Months 12	Location Anchorage		Election District	
Type of Expenditure		Justification			
		This position will review/audit reports from parimutuel activities.			
1	2				3
Salary	23,053.00				
Benefits	14,071.00				
Premium Pay					
Other					
Total Personal Services					37,124.00
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost		37,124.00			
Funding Source for Total Cost					
Federal Receipts	1002				
G. P. Match	1003				
General Fund	1004	37,124.00			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

Agency Department of Revenue
 BRU Public Services - Operating
 Component _____

Page _____ of _____
 Revised Date _____

FY 88

Position Title Office Manager		No. of Positions 1	Range/Step 20A	Barg. Unit SU
Time Status Full	Staff Months 12	Location Anchorage		Election District
Type of Expenditure		Amount		
1	2	3		
Salary	35,090.00			
Benefits	20,126.00			
Premium Pay				
Other				
Total Personal Services		55,216.32		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		55,216.32		
Funding Source for Total Cost				
Federal Receipts	1002			
G. P. Match	1003			
General Fund	1004	55,216.32		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Justification

The Office Manager will be responsible for implementation of Commission policy and management of Commission staff and offices. This position will also be responsible for regulations and regulatory activities.

**Request For
New Position**

Agency _____
 BRU _____
 Component _____

Page _____ of _____
 Revised Date _____

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 32(SA)
Publish Date: HOUSE 3/20/87

REQUEST
Revision Date: _____
Title: "An Act establishing the
Alaska Racing Commission..."
Sponsor: Rep. Larson & Menard
Requestor: House State Affairs

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		13.3	13.7	14.1	14.5	14.9
TRAVEL						
CONTRACTUAL		.4	.4	.4	.4	.5
SUPPLIES		.1	.1	.1	.1	.1
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	13.8	14.2	14.6	15.0	15.5
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS	0	13.8	14.2	14.6	15.0	15.5
FEDERAL FUNDS						
OTHER						
TOTAL	0	13.8	14.2	14.6	15.0	15.5

POSITIONS:

FULL-TIME						
PART-TIME		1.0	1.0	1.0	1.0	1.0
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This Department would be directly affected by the requirement to provide background checks under Section 2, AS 18.65.080 (b)(2) of HB 32. Contains 3% inflation factor.

Prepared by: Joseph Reeves, Program Budget Analyst Phone: 465-4349
Division: Administrative Services Date: 2/25/87

Approved by Commissioner: [Signature] Date: 2/25/87
Agency: Public Safety

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Position Title Clerk Typist III		No. of Positions 1	Range/Step 8/B	Barg. Unit GGU
Time Status PPT	Staff Months 6	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	10.1	//////		
Benefits	3.2	//////		
Premium Pay		//////		
Other		//////		
Other Personal Services		13.3		
Travel				
Contractual		.4		
Commodities		.1		
Equipment				
Other				
Total Cost		13.8		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	13.8		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
//////				

This position will provide clerical support needed for investigative reports related to legalized parimutuel betting at dog and horse races.

This position will perform all general clerical work including filing, typing and general correspondence.

Total costs include \$.4 contractual communication needs and \$.1 minimal office supply needs for this position.

Page 2 of 2

REQUEST FOR
NEW POSITION

Agency Department of Public Safety
 BRU Alaska State Troopers
 Component Detachments & CIB

Page 2 of 2
Revised Date

FY 88

No. 2
CSHB 32(SA)
3/20/87

CSHB 32
Fiscal Note
Contractual Costs

Advertising, Printing and Binding	\$20.3
3 Mailings @ \$700	2.4
40 letters daily x 5 x 52	.6
phone charges	5.0
	<u>\$28.0</u>

Computer terminal maintenance has not been included.

Original sponsors: Larson and Menard

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

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

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.
16 Three of the members shall have experience in the regulation, super-
17 vision, or conduct of parimutuel wagering, horse racing, or team dog
18 racing.

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

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

23 (1) a felony; or

24 (2) an offense defined in AS 05.40.200, AS 11.66.200 -
25 11.66.280, or a comparable provision of municipal, state, or federal
26 law.

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

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

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

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

14 (b) The governor may summarily suspend a member for a violation
15 of law or for misconduct in office pending removal from office under
16 (a) of this section.

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

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

26 Sec. 05.40.050. QUORUM. Three members of the commission consti-
27 tute a quorum for the transaction of business.

28 Sec. 05.40.060. JURISDICTION. Jurisdiction of the commission
29 extends to every owner, trainer, jockey, driver, attendant, or other

1 person conducting, or participating in the conduct of, a race meet
2 authorized under this chapter.

3 Sec. 05.40.070. DUTIES AND POWERS OF THE COMMISSION. (a) The
4 commission shall

5 (1) adopt regulations concerning

6 (A) the issuance, renewal, suspension, and revocation
7 of licenses for persons within its jurisdiction;

8 (B) the immediate suspension of the license of a
9 person subject to this chapter during an investigation of a
10 violation of this chapter or a regulation adopted under this
11 chapter;

12 (C) the appointment of racing officials and their
13 duties;

14 (D) the distribution of the parimutuel pool among the
15 licensee conducting the meet, purse money, winning tickets, and
16 the commission;

17 (E) retention of breakage by the licensee conducting
18 the meet;

19 (F) veterinary standards for race meets;

20 (G) parimutuel equipment to be used by licensees;

21 (H) auditing procedures; and

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

24 (2) license, regulate, and supervise all horse races and
25 team dog races;

26 (3) inspect and approve race tracks and race horses and
27 racing dogs;

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

- 1 (5) establish racing dates and durations;
2 (6) sanction horse racing at locations approved by the
3 commission;
4 (7) sanction team dog races at locations approved by the
5 commission;
6 (8) set all license fees;
7 (9) make an annual report to the commissioner of revenue
8 and the legislature of its administration of this chapter before
9 February 1 of each year;
10 (10) keep detailed records of all race meets and of all col-
11 lections and disbursements;
12 (11) supervise the making and distribution of parimutuel
13 pools.

14 (b) The commission may

- 15 (1) hire staff as needed to administer this chapter;
16 (2) issue subpoenas to compel witnesses to appear before
17 it;
18 (3) compel the production of documents showing the receipts
19 and disbursements of a person licensed to conduct a race meet;
20 (4) appoint a hearing officer to conduct a hearing required
21 by this chapter or by a regulation adopted under it.

22 Sec. 05.40.080. REGULATIONS OF THE COMMISSION. The attorney
23 general shall enforce the regulations of the commission.

24 Sec. 05.40.090. RECORDS OF THE COMMISSION. All records of the
25 commission are public records and subject to public inspection.

26 Sec. 05.40.100. PROCEEDS. Fees and other money received by the
27 commission shall be paid into the general fund.

28 ARTICLE 2. RACE MEETS.

29 Sec. 05.40.110. RACE MEETS AND LICENSES. (a) A person may not

1 conduct a race meet or operate concessions at a race meet in the state
2 without a valid license issued by the commission. A license to con-
3 duct a race meet is valid for three years unless revoked or suspended
4 by the commission.

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

8 (c) A person may not participate in a race meet without a valid
9 license issued by the commission. A license to participate in a race
10 meet is valid for one year unless revoked or suspended by the commis-
11 sion.

12 (d) A license may not be issued under this chapter until the
13 investigation required under AS 18.65.080 is completed. A person
14 convicted of a crime defined in AS 05.40.010(c) may not be licensed.

15 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
16 sion may not issue or renew a license to conduct a race meet within a
17 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 team dog races; and

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

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

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

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

28 (3) 10 percent as purse money; and

29 (4) 10 percent to the commission.

1 (b) The commission may by regulation adjust the distribution of
2 the parimutuel pool as necessary to promote efficient and successful
3 race meets. The total percentage allocated to the licensee, purse
4 money, and the commission may not exceed 35 percent of the parimutuel
5 pool.

6 Sec. 05.40.140. REPORTS BY LICENSEE. The licensee conducting
7 the race meet shall report to the commission within 30 days after each
8 race on the distribution of the parimutuel pool and within 30 days
9 after the end of the race meet on the operation and proceeds of con-
10 cessions at the site of the race meet.

11 Sec. 05.40.150. OBSERVATION OF RACE MEETS. The commission may
12 appoint from among its members or employ a person to observe the
13 conduct of race meets. An observer shall be present at the site of
14 each race meet on the day before, the day after, and during the race
15 meet.

16 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

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

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

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

25 (3) place a wager upon the results of a horse race or a
26 team dog race except by a parimutuel method of wagering conducted by a
27 person licensed under this chapter, and upon the grounds or enclosure
28 of the licensee;

29 (4) permit a person under the age of 18 to u.e the

1 parimutuel system.

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

5 ARTICLE 4. GENERAL PROVISIONS.

6 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of
7 the commission are subject to the Administrative Procedure Act
8 (AS 44.62).

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

11 Sec. 05.40.990. DEFINITIONS. In this chapter

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

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

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

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

22 (5) "parimutuel" means a form of wagering on the outcome of
23 horse races or team dog races in which those who wager personally
24 purchase tickets of various denominations on a horse or a team and all
25 wagers for each race are pooled and held by the licensee conducting
26 the meet for distribution; when the outcome of the race has been
27 decided, the licensee conducting the meet distributes the percentage
28 of the total wagers determined by the commission to holders of tickets
29 on the winning horses or teams;

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

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

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

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

10 (1) person appointed by the governor to serve as a member
11 of the Alaska Racing Commission under AS 05.40 has been convicted of a
12 crime described in AS 05.40.010(c);

13 (2) member of the staff of or person employed by the Alaska
14 Racing Commission, a race official, or a person licensed to conduct or
15 participate in the conduct of a race meet has been convicted of a
16 crime described in AS 05.40.010(c).

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

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

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

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

21 * Sec. 5. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
22 initial appointment of members of the Alaska Racing Commission within 90
23 days after the effective date of this Act.

Introduced: 1/19/87
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY LARSON AND MENARD

2

HOUSE BILL NO. 32

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 and
16 confirmed by the legislature in joint session.

17

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

19

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

21

(1) a felony; or

22

(2) an offense defined in AS 11.66.200 - 11.66.230 or a
23 comparable provision of the law of another state.

24

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

25

Sec. 05.40.020. TERM OF OFFICE. An appointment to the commis-
26 sion is for a term of four years. A vacancy is filled by appointment
27 for the unexpired term. A member of the commission holds office until
28 a successor is appointed and qualifies.

29

Sec. 05.40.030. REMOVAL FROM OFFICE. The governor may remove a

1 member of the commission for the neglect of a duty required by law, or
2 for other cause, after first giving the member a statement of the
3 charges and an opportunity to be heard.

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

8 Sec. 05.40.050. QUORUM. Three members of the commission consti-
9 tute a quorum for the transaction of business.

10 Sec. 05.40.060. JURISDICTION. Jurisdiction of the commission
11 extends to every owner, trainer, jockey, driver, attendant or other
12 person conducting, or participating in the conduct of, a meeting where
13 horse racing or team dog racing is authorized under this chapter for a
14 stake, purse, or reward.

15 Sec. 05.40.070. DUTIES AND POWERS OF THE COMMISSION. (a) The
16 commission shall

- 17 (1) adopt regulations concerning
- 18 (A) the issuance, suspension, and revocation of li-
19 censes for persons within its jurisdiction;
 - 20 (B) the appointment of racing officials and their
21 duties;
 - 22 (C) the percentages of the parimutuel pool
 - 23 (i) retained by the licensee conducting the meet;
 - 24 (ii) distributed as purse money;
 - 25 (iii) paid to the holders of winning tickets;
 - 26 (iv) paid to the commission;
 - 27 (D) retention of breakage by the licensee conducting
28 the meet;
 - 29 (E) veterinary standards for race meets;

- 1 (F) parimutuel equipment to be used by licensees;
- 2 (G) auditing procedures; and
- 3 (H) other matters directly related to horse racing,
- 4 team dog racing, and parimutuel betting;
- 5 (2) license, regulate, and supervise all horse races and
- 6 team dog races;
- 7 (3) inspect and approve race tracks and race horses and
- 8 racing dogs;
- 9 (4) establish standards for the design and weight of
- 10 chariots and sleds used in team dog racing;
- 11 (5) establish racing dates and durations;
- 12 (6) sanction horse racing at locations approved by the
- 13 commission;
- 14 (7) sanction team dog races at locations approved by the
- 15 commission;
- 16 (8) set all license fees;
- 17 (9) make an annual report to the commissioner of revenue
- 18 and the legislature of its administration of this chapter before
- 19 February 1 of each year;
- 20 (10) keep detailed records of all meetings and of all col-
- 21 lections and disbursements;
- 22 (11) supervise the making and distribution of parimutuel
- 23 pools.
- 24 (b) The commission may
- 25 (1) hire staff as needed to administer this chapter;
- 26 (2) issue subpoenas to compel witnesses to appear before
- 27 it;
- 28 (3) compel the production of documents showing the receipts
- 29 and disbursements of a licensed racetrack;

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

3 Sec. 05.40.080. REGULATIONS OF THE COMMISSION. The attorney
4 general shall enforce the regulations of the commission. Violation of
5 a regulation of the commission is punishable under AS 05.40.200.

6 Sec. 05.40.090. RECORDS OF THE COMMISSION. All records of the
7 commission are public records and subject to public inspection.

8 Sec. 05.40.100. PROCEEDS. Fees and other money received by the
9 commission shall be paid into the general fund.

10 ARTICLE 2. RACE MEETS.

11 Sec. 05.40.110. RACE MEETS AND LICENSE. (a) A person may not
12 conduct a race meet in the state without a valid license issued by the
13 commission.

14 (b) A person may not participate in a race meet without a valid
15 license issued by the commission.

16 (c) A person convicted of a crime defined in AS 05.40.010(c) may
17 not be licensed under this chapter.

18 Sec. 05.40.120. RACE MEETS WITHIN MUNICIPALITIES. The commis-
19 sion may not sanction a race meet within a municipality unless a
20 majority of the voters in the municipality has approved a referendum
21 authorizing parimutuel wagering on horse races and team dog races.

22 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

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

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

28 (2) record, report, or register a wager on a horse in a
29 horse race or a team in a team dog race unless under the provisions of

1 this chapter;

2 (3) place a bet upon the results of a horse race or a team
3 dog race except by a parimutuel method of wagering conducted by a
4 person licensed under this chapter, and upon the grounds or enclosure
5 of the licensee;

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

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

11 ARTICLE 4. MISCELLANEOUS PROVISIONS.

12 Sec. 05.40.250. ADMINISTRATIVE PROCEDURE ACT. The operations of
13 the commission are subject to the Administrative Procedure Act
14 (AS 44.62).

15 Sec. 05.40.260. CONFLICT OF INTEREST ACT. The commission is
16 subject to AS 39.50 (conflict of interest).

17 ARTICLE 5. GENERAL PROVISIONS.

18 Sec. 05.40.300. 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) "meeting" or "meet" means an exhibition that includes

1 horse races or team dog races, where the parimutuel system is used;

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

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

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

15 (b) Before appointment or employment, the Department of Public
16 Safety shall investigate and ascertain whether a

17 (1) person appointed by the governor to serve as a member
18 of the Alaska Racing Commission under AS 05.40 has been convicted of a
19 crime described in AS 05.40.010(c);

20 (2) member of the staff of or person employed by the Alaska
21 Racing Commission or as a race official, race employee, or veterinar-
22 ian has been convicted of a crime under the laws of the state or
23 another jurisdiction.

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

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

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

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

28 * Sec. 5. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
29 initial appointment of members of the Alaska Racing Commission within 30

1 days after the effective date of this Act.

HB

35

HOUSE COMMITTEE REPORT

Date referred: 2/16/87

FURTHER REFERRALS:

DATE: 3/3/87

The Finance Committee has considered HB 35

"An Act prohibiting the assignment of the right to receive a permanent fund dividend; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 35 (Fin) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal ^{version} note published 2/16/87 with title change
- zero with analysis

SIGNING DO PASS:

ADAMS [Signature]

ARSON [Signature]

GILL [Signature]

DAVIS [Signature]

Bayl [Signature]

SUTTER [Signature]

SIGNING OTHER RECOMMENDATIONS:

BOURCHOT [Signature] no rec

RIEGER [Signature] No Recommendation

FRANK [Signature] No Rec.

BROWN [Signature] No rec.

[Signature]
Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 35(1in)
Publish Date: HOUSE 2/16/87

REQUEST _____

Revision Date: _____
Title: An act prohibiting the assign-
ment to right to receive PFD's
Sponsor: Goll and Ulmer
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend

Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Ervin B. Jones
Division: Administrative Services

Phone: 465-2313
Date: 1/27/87

Approved by Commissioner: *J. Malone*
Agency: Revenue

Date: 1/27/87

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

FISCAL NOTE ANALYSIS
CONTINUATION

CSHB 35(SA)

Assumptions:

1. HB 35 would have an effective date prior to March 15, 1987, so that the Department of Revenue would have an opportunity to advise the public of the change in law before the 1987 PFD filing season starts on April 1, 1987.

Analysis:

There would be no fiscal impact on the administration of the PFD program. Prior to the popularity of the "Dividend-Buying" plan of certain private individuals, one full-time accounting clerk was very busy processing all garnishments and assignments received by the department. The prohibition on assignments would result in an increase in the number of garnishments processed, as most assignees would opt for the remaining more expensive option of garnishment. This bill would probably, however, cause those entrepreneurs who are "buying dividends" to go out of business.

Attachments A and B provide pertinent detail regarding the users of the assignment and garnishment processes.

Original sponsors: Goll, Ulmer,
Davis and Davidson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 35 (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 relating to assignments of the right to
7 receive a permanent fund dividend."

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

9 * Section 1. AS 43.23 is amended by adding a new section to read:

10 Sec. 43.23.067. ASSIGNMENTS. (a) Except as provided in (b) of
11 this section, a person eligible to receive a permanent fund dividend
12 may not assign the right to the dividend. An attempted assignment of
13 the right to receive a permanent fund dividend is against public
14 policy and is void.

15 (b) A person may assign the right to receive a permanent fund
16 dividend to a

17 (1) federal, state, or municipal governmental entity;

18 (2) person or organization providing health care or social
19 services that is licensed or certified, or that is approved under
20 AS 47.37.140;

21 (3) person or organization that receives state funds for
22 the provision of health care or social services; or

23 (4) health facility as defined in AS 29.60.120(f)(1).

24 (c) Before an assignment is processed the assignee shall provide
25 written proof to the department that the assignee qualifies to receive
26 the permanent fund dividend under (b) of this section. The department
27 may establish a fee to offset processing of the assignment. The fee
28 shall be deducted from the assigned permanent fund dividend or, if
29 less than the entire dividend is assigned, from the balance due to the

1 assignor.

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A M E N D M E N T

Offered in the HOUSE

By GOLL

TO: CSHB 35(Finance)

Page 1, line 20:

Delete "or"

Page 1, line 22:

Delete "." and insert "; or"

Page 1, after line 22, insert:

"(4) health facility as defined in AS 29.60.120(f)(1)."

MESSAGES FROM THE SENATE

A message dated February 13, 1987, was read stating the Senate has approved the following citations, and they are transmitted for consideration:

Honoring - Esther C. Wunnicke
by Senators Josephson, Sturgulewski, Fischer,
Fahrenkamp, Halford, Faiks, Uehling, Zharoff,
Szymanski, Kerttula, Kelly, Binkley, Eliason
and Duncan; and Representatives Ellis and Brown

which was referred to the Rules Committee for placement on the calendar; and

Honoring - The Students & Faculty of Creek-
side Elementary School
by Senators Uehling, Kelly and Halford

which was taken up later as a Special Order of business.

The message also stated the Senate has approved the following citations, and they are being enrolled:

Honoring - Mary McKinnon

Honoring - Boys Basketball Team, 1-A Region
V Champions

REPORTS OF STANDING COMMITTEESHB 35

The State Affairs Committee has considered:

HOUSE BILL NO. 35
"An Act prohibiting the assignment of the right to
receive a permanent fund dividend; and providing
for an effective date."

and recommends it be replaced with:

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 35
(State Affairs)
"An Act relating to assignments of the right to
receive a permanent fund dividend."

Recommending do pass (4): Ulmer (Chairman), Menard,
Donley, Davidson

No recommendation (2): Martin, Boucher

A zero fiscal note with analysis was published February 16,
1987.

HB 35 was referred to the Finance Committee.

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE GOLL

NAME: ORV GILBERT
 TITLE:
 ADDRESS: GENERAL DELIVERY
 CITY: ANAKTUVUK PASS ZIP: 99721
 PHONE: 661-3328
 BILL NO: HB 35
 SUBJECT: PROHIBITING ASSIGNMENT OF PF DIVIDEND
 MESSAGE: I URGE THE PASSAGE OF HB 35. LIVING IN THE BUSH, I HAVE SEEN THE
 ABUSE OF ASSIGNING THE RIGHTS TO PERMANENT FUND DIVIDENDS.

POMID: 03075907
 DATE: 01/20/87
 TIME: 07:59:07
 LIONAME: ANCHORAGE LIO

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE GOLL

NAME: JANICE LIENHART
 TITLE: VICTIMS FOR JUSTICE
 ADDRESS: 3100 MOUNTAIN VIEW DRIVE
 CITY: ANCHORAGE ZIP: 99501
 PHONE: 337-5201
 BILL NO:
 SUBJECT: FIRING OF VICTOR KRUMM
 MESSAGE: WE WERE SORRY TO HEAR ABOUT THE FIRING OF VICTOR KRUMM. HE HAS DONE
 A SUPERB JOB. MR. WOLVERTON, WHO IS THE RECOMMENDED D A, HAS NEVER PROCESSED
 CASE AND HAS BEEN A WEAK JUDGE. IT WOULD SEEM THAT THIS WOULD NOT BE IN THE
 BEST INTEREST OF THE COMMUNITY.

POMID: 03085330
 DATE: 01/20/87
 TIME: 08:53:30
 LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ZAWACKI
BOUCHER	BOYER	ABOOD
BROWN	CATO	BENNETT
COLLINS	COTTEN	BINKLEY
DAVIDSON	DAVIS	COGHILL
DONLEY	ELLIS	DUNCAN
FRANK	FURNACE	ELIASON
GRUENBERG	GRUSSENDORF	FAHRENKAMP
HANLEY	HERRMANN	FAIKS
HOFFMAN	HUDSON	FERGUSON
KOPONEN	LARSON	FISCHER
MARTIN	MENARD	HALFORD
MILLER	NAVARRE	JONES
PEARCE	PETTYJOHN	JOSEPHSON
PHILLIPS	POURCHOT	KELLY
RIEGER	SHULTZ	KERTTULA
SPRINGER	SUND	RODEY
SWACKHAMMER	TAYLOR	STURGULEWSKI
ULMER	WALLIS	SZYMANSKI
ZAWACKI		UEHLING

5-0096X
Cook
3/2/87

Original sponsors: Goll, Ulmer,
Davis and Davidson

Changes from SA CS:
_____ = new language
[] = deleted language

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 35 (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 relating to assignments of the right to
7 receive a permanent fund dividend."

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

9 * Section 1. AS 43.23 is amended by adding a new section to read:

10 Sec. 43.23.067. ASSIGNMENTS. (a) Except as provided in (b) of
11 this section, a person eligible to receive a permanent fund dividend
12 may not assign the right to the dividend. An attempted assignment of
13 the right to receive a permanent fund dividend is against public
14 policy and is void.

15 (b) A person may assign the right to receive a permanent fund
16 dividend to a

17 (1) federal, state, or municipal governmental entity;

18 (2) ^[which] person or organization providing health care or social
19 services that is licensed or certified, or that is approved under
20 AS 47.37.140; ^[or otherwise recognized by the state] or

21 (3) person or organization that receives state funds for
22 the provision of health care or social services. ^[and is required.... for those services.]

23 (c) Before an assignment is processed the assignee shall provide
24 written proof to the department that the assignee qualifies to receive
25 the permanent fund dividend under (b) of this section. The department

26 ^[shall] may establish a fee ^[for processing assignments... section.] to offset processing of the assignment. The fee
27 shall be deducted from the assigned permanent fund dividend or, if
28 less than the entire dividend is assigned, from the balance due to the
29 assignor.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

January 28, 1987

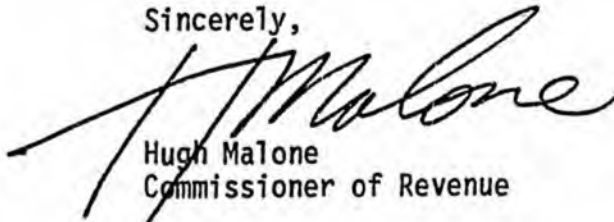
The Honorable Peter Goll
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

The Department of Revenue supports HB 35 - "An Act prohibiting the assignment of the right to receive a PFD..." We believe your proposal properly addresses current abuses in the assignment program.

We would, however, encourage you to amend the proposed language to allow for assignments to public agencies and qualified non-profit organizations.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Malone".

Hugh Malone
Commissioner of Revenue

HM:mkw
87-13

the department... cars were recalled last year because of safety-related defects. Although car manufacturers are required to notify owners of the recalls, the

charge to the consumer. The agency indicated in a news release, "No matter how long ago the recall occurred, the manufac-

will be a problem. Hotline opera... sumers with o... problems to the... al, state or local... In addition, ... offers booklets c

WE BUY DIVIDEND CHECKS FOR \$300 CASH

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Raft

\$40





STATE OF ALASKA
 Department of Revenue
 Pouch SA
 Juneau, Alaska 99811

10

**ASSIGNMENT OF RIGHTS
 TO ALASKA PERMANENT FUND DIVIDEND**

If you desire to have all or a portion of your permanent fund dividend payment issued to another party, complete this form and send it to the address shown above. Only one assignment may be made for each dividend. Assignment may not be made where the application for the dividend was made on behalf of a child or other adult. Once an assignment is made it may not be retracted by the assignor.

ASSIGNOR (Dividend Applicant)

Social Security Number _____

First Name _____ M.I. _____ Last Name _____

Mailing Address _____

City, Town or Post Office, State and Zip Code _____

ASSIGNEE (Rights Assigned To)

Permanent Fund Dividend Year _____ Amount to be Assigned _____

Full Name of Individual or Agency _____

Mailing Address _____

City, Town or Post Office, State and Zip Code _____

In accordance with 15 AAC 23., I hereby assign to the party stated above (Assignee), all right, title and interest in the permanent fund dividend to which I may be entitled, limited to the amount stated above. This assignment must be signed in the presence of two witnesses or a notary public.

Signature of Assignor _____ Date _____

TWO WITNESSES

This assignment was executed freely and voluntarily in the presence of two disinterested witnesses whose signatures appear here.

Witness _____ Date _____

Witness _____ Date _____

NOTARY PUBLIC

This assignment was subscribed and sworn to before me on this _____ day of _____ 19____, at _____

SEAL

Signature of Notary _____

My Commission Expires _____

Stats, background

REPRESENTATIVE
PETER GOLL



P. O. F
JUNEAU, AL
(907) 48.

6

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

The Honorable Fran Ulmer
Chair
House State Affairs Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Rep. Ulmer:

Attached are materials related to House Bill 35, relating to the assignment of Permanent Fund Dividend checks.

*How
assigned
to other
legislative
committees*

The bill as written prohibits all assignments of Permanent Fund Dividend checks.

At the present time, the Department of Revenue will make available on request a form with which a citizen may assign his or her check to another party.

The form is then returned to and processed by the Department of Revenue at state expense. Abuses of this system have led to the introduction of House Bill 35.

It is my understanding that certain assignments may be in the public interest. For that reason, the close scrutiny of this legislation by your committee is encouraged and solicited.

Respectfully,

[Handwritten signature]
Peter Goll

Peter Goll

REPRESENTATIVE
PETER GOLL



P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Statement of costs incurred by the Department of Revenue to process assignments of Permanent Fund Dividend checks:

Source: Department of Revenue
Figures are approximate

Cost per assignment: \$3.40

Number of submitted requests for assignments and administrative cost:

1984: 604. If all requests are approved, total cost: \$2,053.60

1985: 1,047. If all requests are approved, total cost: \$3,559.80

1986: 5,145. If all requests are approved, total cost: \$17,493.00

The rapid increase in the annual number of assignments is evident.

A major part of this increase has been the result of so-called Dividend Buyers.



STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Source: Department of Revenue
Figures are approximate

Attached please find:

Chart #1 and Chart #2 from the Department of Revenue, and a letter from the State Office of Alcoholism and Drug Abuse.

The Department of Revenue charts which are attached provide the following information.

Chart #1 provides the total number of assignment requests accepted and paid by the Department in 1986.

Chart #2 provides a breakdown of the types of assignments and garnishments of Permanent Fund Dividend checks in 1986.

Please note that garnishments are not impacted by HB35.

I believe that assignments to government agencies do not constitute a significant financial burden on the state, and often serve a public interest purpose. I have no objection to permitting assignment to government agencies if this is the will of the committee. I am advised that the opportunity to assign to government agencies has the support of the Department of Revenue.

Other assignments are divided into "Dividend Buyers" and "All others." "All others" includes gifts to charities, assignments to non-profit agencies, assignments to funeral homes and other categories to be outlined by the Department in its testimony before the committee.

The letter from the State Office of Alcoholism and Drug Abuse indicates the use of assignments to obtain health and social services from licensed or approved non-profit agencies. That letter suggests an expected increase in assignments of 100 per cent during 1987.

The legislation as written would prohibit the assignment of checks to approved non-profit agencies for the purchase of health and social services. If the committee agrees that assignment of checks for the purchase of health and social services from approved non-profit entities is in the public interest and should be administered by the Department of Revenue, I have no objection to permitting this sort of assignment.

Thank you for your consideration.

STATE OF ALASKA

DEPARTMENT OF REVENUE

STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

January 27, 1987

The Honorable Peter Goll
Representative
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

At your request, the Department of Revenue has reviewed the records of permanent fund dividend assignments and garnishments. The attached statistical information is offered.

Sincerely,


Evelyn Jones, Director
Administrative Services Division

Attachments

EJ:ms

Department of Revenue
Administrative Services Division
Analysis of
Assignments/Garnishments
1986
HB 35
Attachment A
1/27/87

1986 Total Services Accepted and Paid By Department of Revenue

	<u>Accepted</u>	<u>Paid</u>
<u>Assignments</u>	5,145	4,267*
<u>Garnishments</u>	11,963	10,240*

*See Attachment B for further detail.

Department of Revenue
 Administrative Services Division
 Analysis of
 Assignments/Garnishments
 1986
 HB 35
 Attachment G
 1/27/87

Detail Analysis of Services Paid

	<u>Agency</u>	<u># Paid</u>	<u>\$ Paid</u>
<u>Garnishments</u>			
Federal:	Internal Revenue Service	2,756	\$1,481,764
State:	Child Support Enforcement	4,400	2,282,836
	Department of Labor	725	307,199
All Other:		<u>2,359</u>	<u>\$ 721,859</u>
TOTAL:		<u>10,240</u>	<u>\$4,793,659</u>
<u>Assignments</u>			
Federal:	Internal Revenue Service	31	16,119
	Small Business Administration	1	556
	U.S. Department of Justice	3	1,213
State:	Commerce	1	556
	Child Support Enforcement	26	11,307
	Corrections	1	556
	Education	13	6,855
	H&SS	19	4,723
	Labor	35	15,399
	Law	3	1,613
	Natural Resources	2	903
	Public Safety	2	956
	Revenue	7	2,621
	Transportation	1	556
Dividend Buyers:		1,282	696,383
All Others:		<u>2,840</u>	<u>\$1,287,739</u>
TOTALS		<u>4,267</u>	<u>\$2,048,055</u>

DICK PLUS
 1-27-87

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

January 28, 1987

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-046
PHONE: (907) 465-2300

The Honorable Peter Goll
Representative
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Goll:

Per your request, I am providing the following information regarding the processing of assignments and garnishments of permanent fund dividends.

- 1) The number of assignments received by the department has escalated in recent years as follows:

1984 -	604
1985 -	1,047
1986 -	5,378

- 2) Estimate of cost per service received and processed by the department - \$3.40. (This includes only associated personal services cost. Computer resource costs would take more time to estimate, but should be considered.)

- 3) In addition to state and federal agencies and persons "buying" dividends, the assignment process is also used by the following:
 - a. Churches
 - b. Hospitals
 - c. Regional housing authorities
 - d. Funeral homes
 - e. Non-profit organizations
 - f. Court system
 - g. Collection agencies
 - h. Insurance companies
 - i. Rehabilitation centers
 - j. Doctors
 - k. Automotive dealers
 - l. Flying schools
 - m. Attorneys

The Honorable Peter Goll
January 28, 1987
Page 2

- n. Furniture stores
- o. Telephone companies
- p. Credit unions
- q. Banking institutions
- r. Bookkeeping services

I hope this answers your questions. If not, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Malone", with a flourish extending to the right.

Hugh Malone
Commissioner of Revenue

HM:EJ:ms
87-14

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

January 28, 1987

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Representative
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

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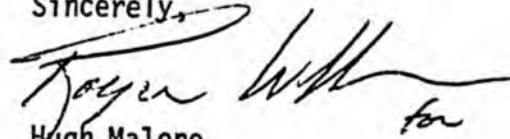
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 - g. Collection agencies
 - h. Insurance companies
 - i. Rehabilitation centers
 - j. Doctors
 - k. Automotive dealers
 - l. Flying schools
 - m. Attorneys

The Honorable Peter Goll
January 28, 1987
Page 2

- n. Furniture stores
- o. Telephone companies
- p. Credit unions
- q. Banking institutions
- r. Bookkeeping services

I hope this answers your questions. If not, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Malone", with a small flourish at the end.

Hugh Malone
Commissioner of Revenue

HM:EJ:ms
87-14

REPRESENTATIVE
PETER GOLL



P O BOX V
JUNEAU, ALASKA 99811
(907) 465-1925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

January 28, 1987

Statement of costs incurred by the Department of Revenue to process assignments of Permanent Fund Dividend checks:

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Figures are approximate

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1986: 5,145. If all requests are approved, total cost: \$17,493.00

The rapid increase in the annual number of assignments is evident.

A major part of this increase has been the result of so-called Dividend Buyers.

Original sponsors: Goll, Ulmer,
Davis and Davidson

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 35 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to assignments of the right to
7 receive a permanent fund dividend."

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

9 * Section 1. AS 43.23 is amended by adding a new section to read:

10 Sec. 43.23.067. ASSIGNMENTS. (a) Except as provided in (b) of
11 this section, a person eligible to receive a permanent fund dividend
12 may not assign the right to the dividend. An attempted assignment of
13 the right to receive a permanent fund dividend is against public
14 policy and is void.

15 (b) A person may assign the right to receive a permanent fund
16 dividend to a

17 (1) federal, state, or municipal governmental entity;

18 (2) person or organization providing health care or social
19 services which is licensed, certified, approved, or otherwise recog-
20 nized by the state; or

21 (3) person or organization that receives state funds for
22 the provision of health care or social services and is required or
23 allowed by regulations of the Department of Health and Social Services
24 to charge a fee for those services.

25 (c) The department shall establish a fee for processing assign-
26 ments made under (b) of this section. The fee shall be deducted from
27 the assigned permanent fund dividend or, if less than the entire
28 dividend is assigned, from the balance due to the assignor.

Introduced: 1/19/87
Referred: State Affairs
and Finance

1 IN THE HOUSE

BY GOLL AND ULMER

2

HOUSE BILL NO. 35

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act prohibiting the assignment of the right to
7 receive a permanent fund dividend; and providing for
8 an effective date."

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

10 * Section 1. AS 43.23 is amended by adding a new section to read:

11 Sec. 43.23.067. ASSIGNMENT PROHIBITED. A person eligible to
12 receive a permanent fund dividend may not assign the right to the
13 dividend. An attempted assignment of the right to receive a permanent
14 fund dividend is against public policy and is void.

15 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).