

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5057 HSTA HB 25 - HB 32

629

individual filed two discrimination complaints with the Alaska Human Rights Commission. The arbitrator in this action concluded that this employee was laid off by certain state officials partly in retaliation for questioning safety practices at work and ordered that he be reinstated.

These examples are only two of many.

The State Office of Equal Employment Opportunity as established by statute in 1985, was given the responsibility to administer the equal employment opportunity program and to ensure its compliance. The office was never given the authority to "enforce" the concept of equal employment opportunity. Under AS 44.19, the Office of Equal Employment Opportunity can only recommend solutions to an agency if that agency is found to be in noncompliance with affirmative action guidelines. The agency is in no way obligated to comply with those recommendations.

HB 25 will enable the Office of Equal Employment Opportunity to enforce compliance with affirmative action standards, guidelines and procedures by:

- 1) forbidding an agency to hire or promote employees and requiring an agency to reverse a personnel action including a hiring decision if it finds that the action was based on a discriminatory employment practice.

- 2) requiring an agency to change its selection procedures if it finds that the procedures have a discriminatory affect on members of a protected class.

- 3) requiring an agency to hold a disciplinary hearing to determine whether an employee has violated this subsection; the Office of EEO may participate in the hearing.

HB 25 will also require the Division of Personnel in the Department of Administration to purge records from an employee's personnel file if the records are the direct or indirect result of complaint of unlawful discrimination by a state official or employee. One official of the State of Alaska acknowledged that, "The criminal justice system in this state basically treats convicted felons better than the State personnel system treats employees and former employees". By this he meant that under certain circumstances, a convicted felon may have his/her record purged after their sentence has been satisfied and they are released from probation. However, a state employee who has filed a complaint or who has

derogatory documentation on disciplinary actions in his/her personnel file has no such recourse.

We felt that it was important to provide for the protection of these individuals. Once information of this type has been placed in a personnel file, it remains there indefinitely. The end result is that the individual is passed over for promotion or finds it virtually impossible to get rehired by the state once he/she terminates.

In summary, we feel that this legislation will give the Office of Equal Employment Opportunity the "clout" it needs to really get down to the business of implementing the statewide Affirmative Action Plan.



February
1987

Editor: Tim Weiss

UMC MEETING

February 6, 5-7:30 pm
Filipino Community Hall
251 South Franklin St.

AGENDA:

Appointment of Committees on UMC's function: membership, fund raising, legislative lobbying, Martin Luther King anniversary 1988, problem of UMC, solutions.

Meetings are open to the public.

MEMBERSHIP DUES DUE

UMC Treasurer, Aida Ganev, has informed me that UMC membership dues are due. UMC needs your support to continue putting out this newsletter, to continue to provide support to the minority community, put on functions such as Martin Luther King Jr. Day celebrations, and future efforts. Dues are totally tax deductible.

AFFIRMATIVE ACTION BILL INTRODUCED

As Review by: Ben Holganza, UMC President

HB 25 entitled "An Act relating to affirmative action" was recently introduced by Representative Terry Martin. This would amend the State Office of EEO statute by adding a few requirements and duties to the office, namely:

- 1) *require the division of personnel in the Department of Administration to purge records from an employee's personnel file if the records are the direct or indirect result of complaint of unlawful discrimination by a state official or employee;*
- 2) *forbid an agency to hire or promote employees and require an agency to reverse a personnel action including a hiring decision if it finds that the action was based on a discriminatory employment practice;*
- 3) *require an agency to change its selection procedures if it finds that the procedures have a discriminatory affect on members of a protected class; and*

4) *require an agency to hold a disciplinary hearing to determine whether an employee has violated this subsection; the office may participate in the hearing.*

I have heard that the ideas in this bill originated from an actual case that Rep. Martin was aware of in which a state employee was "blackballed" after filing and winning a discrimination complaint. Apparently the fact that he/she had filed a complaint was kept in the personnel files and agencies who interviewed this person felt that he/she might be a troublemaker.

Several people have commented that even former convicts have more rights than state government employees do. Former convicts can have their conviction and arrest records purged after serving their probation, but state employees who file a complaint can't. Is this justice?

This bill would also serve another valuable function, it would finally define the function of OEEEO more clearly and settle the dispute over whether OEEEO is a "resource" agency or an "enforcement" agency.

PUBLIC HEALTH NURSES' APPEAL

On November 27, 1986, Superior court Judge Duane Craske directed the parties in the public health nurses' case to get on with the appeal of the Human Rights Commission's Order. The commission decided earlier in January 1986 that the state Department of Health and Social Services and Department of Administration had discriminated against the nurses by paying them less than physician's assistants. The commission decided that nurses were victims of sex discrimination because their work was of comparable character to the work of the physician's assistants but were paid less.

In February 1986, the state appealed the commission decision and since then the progress of the appeal was stymied by disputes about which judge should decide the case and whether damages should be calculated before the appeal would be heard. In the most recent action, Judge Craske of Sitka told the parties to go forward on the appeal without a specific damage award.



Alaska Public
Employees Association **APEA**
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Representative Fran Ulmer
Chairwoman, State Affairs Comm.

FROM: Cherie Shelley
Executive Director

SUBJECT: HB 25 - An Act relating to affirmative action

DATE: February 12, 1987

The Alaska Public Employees Association has no objection to the overall thrust of HB 25, a bill introduced by Representative Martin that would greatly strengthen the powers of the Office of Equal Employment Opportunity with respect to equal employment opportunity and affirmative action in the executive branch of state government. APEA does have questions about a couple of specific items in the bill, however.

Proposed AS 44.19.442(b)(5) (Section 1 of this bill) would require an agency to hold a disciplinary hearing to determine whether an employee has violated equal employment or affirmative action principles. It is unclear to us exactly how this would work. What type and amount of evidence would the office have to have before it could require such a hearing? Who would determine an appropriate sanction if some sort of violation were found? Would the hearing be a full-blown adversary proceeding, or just an opportunity for the employee to respond to accusations against him or her? How does this hearing fit into the contractual grievance procedure? (APEA of course would strenuously oppose this provision if it were intended to supplant the arbitration procedure.) In short, there are some questions about this section that definitely need to be answered.

Proposed AS 44.19.442(c) (Section 2 of the bill) provides that any collective bargaining agreement between the State and a labor association may not "contradict" the statutes on the Office of Equal Employment Opportunity. APEA has no problems with the basic principle of this section, that a collective bargaining

agreement must incorporate the concepts of equal employment opportunity and affirmative action. (The current agreements between the State and APEA provide that a special promotion list of minorities and/or women may be used instead of the normal promotion list when the need for the special list is certified.) However, again APEA has problems with the idea of prohibiting conflict with any of the myriad provisions of AS 44.19.441 - 44.19.449; this is, in our opinion, too constricting on the collective bargaining process. Thus, for instance, Rep. Martin's bill in proposed AS 44.19.442(b)(4) would empower the office to require an agency to change its selection procedures if it finds that the current procedures have a discriminatory effect. This might require the overriding of a carefully negotiated contract provision, one agreed to with affirmative action goals in mind. In our view the language of proposed AS 44.19.442(c) is just too broad.

CS/kr

HB

31

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

March 25, 1986

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6. Fiscal Notes - Department of Public Safety
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Relating to Motor Vehicle Registration and Title
8. Department of Public Safety Regulations
Relating to Motor Vehicle Registration and Title

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Transportation

DATE: 1-26-87

The State Affairs Committee has considered HB 31

"An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

RECOMMENDS:

- [] replace with _____ [] the same title
[] attached amendment(s) [] a new title
[X] 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 _____
[X] zero fiscal note [] same as previous zero fiscal note published _____
[] zero with analysis

SIGNING DO PASS:

W.C. Brubaker
Conrad M...
James Hoffman
Tom Miller
David Donley
Cliff Davidson

SIGNING OTHER RECOMMENDATIONS:

Jan Ulmer
Chairman's signature

BILL NO: HB 31

DATE: January 19, 1987

TITLE: An Act relating to registration of commercial and noncommercial motor vehicles.


CONTACT: Bill Brown
465-4335

DEPARTMENT OF
PUBLIC SAFETY

The bill will require full registration of commercial vehicles not used as legitimate interstate carriers, and reduce the time period in which a person is required to register a vehicle.

All commercial vehicles may now obtain a "trip permit" that allows them to operate in Alaska for up to 90 days. This gives summer commercial operators an advantage over Alaska residents who must pay full fees. This bill restricts use of the trip permit to only licensed interstate carriers, and requires temporary operators to pay full fees. This is done to put non-residents on an equal economic basis with Alaska residents while, at the same time, not placing a restrictive burden on legitimate interstate carriers.

The Department of Public Safety supports this bill.



William R. Nix
Acting Commissioner

RECEIVED JAN 25 1987

RECEIVED JAN 25 1987

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

REQUEST: _____

Bill Version : HB 31

Publish Date : _____

Revision Date: _____

Agency Affected : Public Safety

Title: An Act relating to registration of commercial and noncommercial motor.

BRU: Motor Vehicles

Sponsor: Pourchot

Components : _____

Requestor: House State Affairs Comm.

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Will not have any fiscal impact. There may be a slight increase in revenue, however, we are unable to predict the amount.

Prepared by: Bill Brown

Phone : 465-4335

Division : Motor Vehicles

Date : 1-16-87

Approved by Commissioner: [Signature]

Date : 1-22-87

Agency : Public Safety

Distribution (by preparer) :

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

JNR
1/22/87

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS



House of Representatives

MEMORANDUM

ANCHORAGE

P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU

POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

DATE: January 26, 1987

TO: House State Affairs Committee
Representative Fran Ulmer, Chair
Representative Lyman Hoffman, Vice Chair
Representative Red Boucher
Representative Cliff Davidson
Representative Dave Donley
Representative Curt Menard
Representative Terry Martin

FROM: Representative Pat Pourchot
Representative Red Boucher

SUBJECT: HB 31, Relating to Registration of Commercial and
Noncommercial Motor Vehicles

With increasing frequency, we hear complaints of commercial vehicles with out-of-state license plates operating on our highways. While some operators may pay the required registration fee, others do not. Enforcement of registration laws is difficult as there is no visual means to quickly identify the illegal non-registered operator. ✓

In addition, many new residents or nonresidents working temporarily in-state fail to comply with state registration requirements, choosing instead to maintain their vehicle registration in other states. These residents benefit from our roads and jobs without paying the required fees.

HB 31 would eliminate distinctions between nonresident and resident commercial vehicles for purposes of registration, assessing fees, and display of license plates. Only licensed ICC and FMC carriers and unladen commercial vehicles operating under a one way trip permit would be exempted - although prominent display of permits would be required.

HB 31 would shorten the length of time a nonresident, noncommercial vehicle is exempt from state registration requirements and require proof of any exemption from registration.

We consider this legislation to be an important element of the Alaska residency and local hire issues in its attempt to enforce our vehicle registration laws and to legally, but forcefully, discourage the use of nonresident commercial vehicles.

Last session we introduced a bill with identical provisions, HB 456, which passed all committees of referral but died in the Senate Rules Committee while awaiting a vote by the full Senate in the final hours of the session.

problems

SUMMARY

HB 31

Relating to Registration of
Commercial and Noncommercial Motor Vehicles

Background

Current State law or regulations require the registration of all vehicles operating instate. However, many new residents or non-residents working temporarily instate illegally maintain their vehicle registration in other states. These operators benefit from our roads and jobs without paying the required fees.

Current State law also does not specifically address the handling of nonresident commercial vehicles operating temporarily instate. Regulations now provide for permitting or registration for such vehicles. However, with the exception of licensed ICC and FMC carriers, the regulations do not require the display of a permit or registration for nonresident commercial vehicles. Thus, it is difficult for law enforcement officers and the public to distinguish between a vehicle holding a valid temporary permit and one operating illegally instate.

Additionally, fees for temporary permits for nonresident commercial vehicles are now determined administratively by prorating the resident commercial vehicle fee for the number of days the nonresident vehicle is registered for use instate. This method does not appear to result in fees appropriate for the privilege of operating nonresident commercial vehicles in Alaska.

HB 31 would accomplish the following:

1. Shorten the length of time a nonresident, noncommercial vehicle is exempt from State registration requirements and require proof of any exemption from registration.
2. Eliminate the distinction between resident and nonresident commercial vehicles for purposes of registration, assessing fees, and display of license plates.
3. Limit the authority for issuance of special permits and the exemption from normal registration to only short-term, one-way unladen commercial vehicles and licensed ICC and FMC carriers. Permits would have to be prominently displayed.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 20, 1987

SUBJECT: Registration of Motor Vehicles - HB 31
TO: Representative Pat Pourchot
FROM: Michael F. Ford *M. F.*
Legislative Counsel

The following is a sectional analysis of HB 31, as requested:

Section 1

Lowers the nonresident exemption from registration of a non-commercial vehicle from 90 to 60 days, and the requirement that registration take place after employment is lowered from 15 to 10 days after the person becomes employed. Requires commercial vehicles to be registered when use begins, except as provided in AS 28.10.011 and 28.10.131(c).

Section 2

Requires the person claiming nonresident exemption from registration to provide proof of qualification for the exemption.

Section 3

Technical amendment in conjunction with section 4.

Section 4

Allows the owner of a commercial vehicle temporarily operating in-state to register a commercial vehicle, while maintaining title in another jurisdiction.

Section 5

Requires owners of commercial vehicles licensed by the I.C.C. or the F.M.C., and registered in another jurisdiction

who desire to retain registration and title in the other jurisdiction, to register the commercial vehicle, but exempts the owner from title requirements.

Section 6

Adds an additional exemption from registration requirements for an unladen commercial vehicle making a single continuous trip not exceeding 10 days.

Section 7

Requires special permits issued under AS 28.10.151 to be prominently displayed.

Section 8

Technical amendment in conjunction with section 4.

Section 9

Effective date.

MFF:mkr
m8/026

BILL NO: HB 31

DATE: January 19, 1987

TITLE: An Act relating to registration of commercial and noncommercial motor vehicles.


CONTACT: *Bill Brown*
465-4335

DEPARTMENT OF
PUBLIC SAFETY

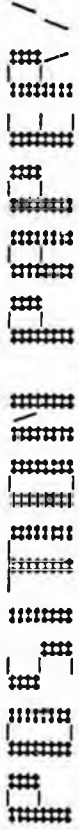
The bill will require full registration of commercial vehicles not used as legitimate interstate carriers, and reduce the time period in which a person is required to register a vehicle.

All commercial vehicles may now obtain a "trip permit" that allows them to operate in Alaska for up to 90 days. This gives summer commercial operators an advantage over Alaska residents who must pay full fees. This bill restricts use of the trip permit to only licensed interstate carriers, and requires temporary operators to pay full fees. This is done to put non-residents on an equal economic basis with Alaska residents while, at the same time, not placing a restrictive burden on legitimate interstate carriers.

The Department of Public Safety supports this bill.



William R. Nix
Acting Commissioner



**STATE OF ALASKA 1987 LEGISLATIVE SESSION
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EXPENDITURES/REVENUES: (Thousands of Dollars)

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GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Will not have any fiscal impact. There may be a slight increase in revenue, however, we are unable to predict the amount.

Prepared by: Bill Brown Phone: 465-4335
Division: Motor Vehicles Date: 1-16-87
Approved by Commissioner: [Signature] Date: 1-22-87
Agency: Public Safety

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

JNR
1/22/87

UPDATES

1) SENATE

12/9 Daily News Ferguson said that he was switching over to Faiks' camp and will resign from the Senate after the vote on organization in January. He publically recommended that Cowper appoint Al Adams in his place. (Ferguson is on the Finance Committee.)

12/10 - Gruenberg would like you to call him: 276-6844 (W), 279-3280 (H). He will be in Wisconsin on vacation from December 23 through January 1. He said if Al accepts the appointment, the House will likely not reorganize as long as "they" agree to an appropriate choice for Finance Chairman... meaning you. He is very anxious to "protect" you.

The Senate has reorganized under Faiks (18-2). The two minority members are Rody and Zman.

Faiks - President

Majority Leader - Halford

Finance - Bennett and Binkley (co-chair) - Duncan, Zharoff, Ferguson, P. Fischer, & Uehling [Half the state's population is represented by one member!]

Rules - Eliason

Labor and Commerce - Kelly

Resources - Coghill

C&RA - Sturgulewski

Transportation - Jones

State Affairs - Abood

HESS - P. Fischer

Judiciary - Kerttula

Special Committees:

Leg. Council - Fahrenkamp

International Relations - Uehling

Ethics - Bennett

I tried to call you on the 10th (11th in New Zealand) but you had already checked out.

2) WALKWAYS

As of 12/10, only the walkway along Edward Street has been scheduled - for the December 18th Northeast CC meeting. The letters were in the mail on the 11th (382 count).

For the walkway along East 20th and the one between the mobile home parks south of East 16th and Russian Jack, hearings are tentatively scheduled for late January - no definite date - probably at Russian Jack Elementary School.

3) PROPOSED LEGISLATION - To have bills included in the first prefiling (Jan. 12), legal must be notified by noon, January 8.

Vehicle Registration - (Draft is on your desk)

Ford sent us a copy of the bill for prefiling. However Karla pointed out a problem. Currently, there is a mail-in bail schedule which specifies a \$50 fine for nonregistration. The nature of the mail-in process makes the proposed additional fine of \$10 per day in Sec. 9 unenforceable. The question is, do we want to keep the current mail-in system, or should a mandatory court appearance be required?

Because the courts are already overloaded, Karla suggested dropping sec 9. Boucher has no problem with dropping it and still wants to co-sponsor the bill. I called Ford and asked him to redraft the bill deleting section 9 and to add Boucher as co-sponsor.

Copies of the draft have been sent to T.J. Thrasher (Alaska Trucking Association) and to Jim Vaden (Public Safety) noting the proposed deletion of section 9 and requesting comments.

Litter - (Karla's draft and Davis' draft are on your desk)

Karla Forsythe sent me a rough draft for a statute which would permit enforcement of anti-littering laws by a mail-in payment rather than the current mandatory court appearance.

I have requested comments on this draft from Jack Braddock (ALPAR), Stephanie Kessler (Alaska Center for the Environment), Keith Kelton (DEC Acting Commissioner), James Vaden (Public Safety), and Chip (Muni).

Also, Mike Davis is going to prefile a litter bill. His proposed bill would eliminate the sunset provisions in the statute, repeal sections: 1) requiring an annual report; 2) establishing an advisory council; 3) relating to public awareness programs; and 4) relating to litter patrol regulations. His draft also eliminates redundant language and substitutes may for must - department may act upon the provisions of this section, the department may provide litter bags. Penalty for littering is reduced from a Class B misdemeanor to a violation, and prison terms for littering are eliminated.

Do you want to work on litter legislation with Davis?

Permanent Fund Dividend

Bradley called to see if you wanted the PFD bill he drafted prefilled. Based upon our conversation before you left, I told him not yet. The draft you requested from Bradley and the updated Revenue draft are on your desk.

Hazardous Physical Agents in the Workplace (draft on your desk)

I called Bradley and had Boyer added as co-sponsor.

4) PHONE CALLS

12/1/86	- Maudine Elliott Adult Residential Care Assoc Invitation to briefing on 12/9 at Herritage House	338-1557 (will call back)
12/2/86	-- Howard Roitman Regarding Mental Health Trust Lands	303-322-1955 PLEASE CALL
12/2/86	- Walt Hays ARCO Public Affairs Office Invitation to attend forum on Tough Love on 12/9	
12/3/86	- Rep. Swackhammer No message	262-7663 PLEASE CALL

- 12/5/86 - John Stonerock 274-3386
Regarding "Tough Love" forum
- 12/9/86 - Rebecca Craig 303-623-7800 PLEASE CALL
National Conference of
State Legislators
Regarding Mental Health Trust
Lands (she called Halford)
- 12/10/86 - Lee Dixon 301-443-3657 PLEASE CALL
National Institute of Mental
Health
Re: Alaska Mental Health Enabling Act
- 12/12/86 - Roland Shanks 465-4100 PLEASE CALL
Wanted to know if you had seen
a copy of Ron Scrugs report on
combining the resource agencies.
- 12/16/86 - Sam Collier
Just wanted to chat.
- 12/16/86 - Richard Kronberg (H) 344-9264 (W) 522-1080 PLEASE CALL
Wants to talkw with you before
session.

5) CONSTITUENT PROBLEMS

Delia Commander (Anthony's ex-wife)
3225 Peterkin #1
277-0618

Briefly, Delia has four children between the ages of 1 and 15 and is a fulltime student at ACC. She was dropped from Public Assistance and food stamps in October due to a \$1292 scholarship payment which she received in September. Public Assistance told her she'd have to go through the whole application process to get reinstated. When I spoke with her four days ago she had only \$50 to last until Jan. 17 for food.

Delia should never have been dropped from assistance; her scholarship should have been prorated. She will be reinstated and will get some food stamps in about 5 days.

Ina Arnold (HSS) deserves a medal. She went the extra distance to speed up the machinery. And Joyce Lee at the Muni was a life saver in coming through with some extra food to tide Delia over until she gets the food stamps.

It wasn't quite this simple..if you want the details, I'll fill you in.

6) TELECONFERENCES WITH COMMUNITY COUNCILS

I've talked with Tom Soper and Bob Fletcher.

NE Community Council is going to continue to meet on Thursdays (last year they met on Fridays during the session). Tom would rather have hookups on an as needed basis, rather than regularly scheduled ones. He anticipates

the Council will be spending its time on the Alaska Greenhouse problem. He thought the best use of time and money would be for you and him to exchange phone calls if something comes up.

Mt. View Community Council is going to change their meeting nights starting in February (probably to a Monday - they'll vote on it in January) to accommodate Dyson's and Campbell's schedules so they can attend.

Fletcher doesn't want a hookup during the CC. He would rather have one a couple of nights after with perhaps the Executive Committee. His reasons: last session, college kids from out of the neighborhood were taking it over (?); and, to keep someone from monopolizing the line (Winifred Trapp).

The District 12/13 teleconference has been scheduled for the first Wednesday of each month, 6:30 - 7:30 p.m.

I haven't cancelled our hookup which was already scheduled with Teleconference - that can wait until January.

7) THE MOVE TO JUNEAU

The box by your chair is for packing the stuff in the top drawer of your black file cabinet. The files that were in your desk drawer are in the file box on top of your desk which only needs to be taped shut - it still has room for more files, etc. The Mental Health Trust Lands files are in the box by the printer.

I left the recorder on...would you please pack it in one of your boxes?

The movers will probably be here on January 2nd; anything you want them to take should be sealed and ready to go by then.

8) THE GOVERNOR

Cowper has appointed:

- Sheila Gottehrer of FBX as assistant in charge of Boards and Commissions.
- Ray Price to handle cabinet affairs.
- John Shaffer for Commissioner of Military Affairs
- Hugh Malone for Commissioner of Revenue
- Rocky Gutierrez for Commissioner of Transportation
- Grace Schible from Fairbanks (spelling ?) from Fairbanks for A.G.
- Bill Nix for Commissioner of Public Safety

Cowper has ordered the A.G. to withdraw from the open meetings lawsuit.

Governor has announced that OMB is to be reorganized and that everyone is to submit their resignation effective January 8. Rumor: John Halterman as director of the Div. of Management.

9) OTHER

Mail for you and Janie is in the box on the floor behind your your desk.

Received listing of MOA nonprofits and sent copy to Joan Thorp.

Rep. Jenkins stopped by to see you...he needs someone to follow through on the assessors bill! How about you?!!

I called Rep. Cotten's office to see if we could start putting in shelves and tables. Okay with them.

Re: List of write-in's by precinct...only number of write-ins recorded, no record of names kept unless one person gets more than 10 votes.

I'll have to order the absentee voter's list for the general election when I get to Juneau. When I went to pick it up, it was the wrong one...it takes a week from the time of ordering until it can be picked up.

I asked Nancy to save newspaper clippings which may be of interest to you.

I left some stamps in your upper right-hand desk drawer.

Newsletters for Elmendorf, Nunaka, and Mt. View Community Schools had to be in by December 10th. Because they come out so infrequently (especially Mt. View), I thought you would probably want something sent in. Similar ones went to all three schools - a copy of Nunaka's is attached.

10/16/86 - Pat, there's been a change in my plans. Because of a slight accident, I'm flying to Juneau tomorrow. I'll fly from Juneau to Anchorage on the 9th of January and will drive my car down to Haines in time to catch the ferry on the 11th.

H B

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Official Business

Alaska State Legislature

House

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

STATE AFFAIRS COMMITTEE

HOUSE BILL 32

FILE CONTENTS

1. HOUSE BILL 32: AN ACT ESTABLISHING THE ALASKA RACING COMMISSION AND AUTHORIZING PARIMUTUEL WAGERING AT SANCTIONED EVENTS
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3. SECTIONAL ANALYSIS FROM GEORGE UTERMÖHLE TO REPRESENTATIVE LARSON, DATED 2/9/87
4. "TEXAS LEGISLATURE APPROVES PARI-MUTUEL HORSE RACING," INSIDE TRACK, 12/86
5. "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: A SUMMARY OF A REPORT PREPARED FOR ALASKA STATE FAIR, INC., 1974
6. MEMORANDUM FROM PENELOPE WEYHRAUCH TO SENATOR SZYMANSKI, DATED 12/29/86, RESEARCH REQUEST 87.055
7. LETTER FROM MARSHA MELTON TO HOUSE OF REPRESENTATIVES, DATED 2/17/87
8. PUBLIC OPINION MESSAGES
9. MEMORANDUM AND ATTACHMENTS FROM REPRESENTATIVE LARSON TO REPRESENTATIVE ULMER, DATED 2/18/87
10. PROPOSED CS HB 32
11. ANALYSIS OF CHANGES IN PROPOSED CS HB 32
12. LETTER FROM KARL ERIK RYE TO REPRESENTATIVE FRAN ULMER
13. POSITION PAPER, DEPARTMENT OF PUBLIC SAFETY, DATED 2/20/87

FISCAL NOTES

- A. FISCAL NOTE, DEPARTMENT OF REVENUE: \$191,800
- B. FISCAL NOTE, DEPARTMENT OF PUBLIC SAFETY, ALASKA STATE TROOPERS: \$13,800

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: KATHY ASHBY
TITLE: C/O
ADDRESS: 2621 KELSAN CIRCLE
CITY: ANCHORAGE ZIP: 99508
PHONE: N/A-
BILL NO:

SUBJECT: GAMBLING ISSUES
MESSAGE: PLEASE DON'T LET ALASKA'S WONDROUS POTENTIAL AND LIMITLESS CAPACITIES DEGENERATE INTO THE THROES OF A GAMBLING SOCIETY. SURELY THERE ARE WAYS THAT HONEST PEOPLE CAN SHOULDER THE RESPONSIBILITIES OF PAYING FOR GOVERNMENT SERVICES. GAMBLING INCREASES PROBLEMS AND THE NEED FOR GOVERNMENT SERVICES. THANK YOU.

FCMID: 03084622
DATE: 04/13/87
TIME: 08:46:22
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Finance

DATE: 3-18-87

The State Affairs Committee has considered HB 32

"An Act estab'ishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events."

RECOMMENDS:

- replace with CS # HB 32(SA) 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 note published _____
- zero with analysis

SIGNING DO PASS:

Conrad McManus
John Hoff

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - Do not pass
Cliff Davidson - DO NOT PASS
John Ulmer - Do Not Pass

John Ulmer
 Chairman's signature

HB 32

Parimutuel wagering should be controlled legislation not regulation.

(as to Sec 05.40.070 part C on page 2)

TOO VAGUE - Need to review other states

TOO SHORT - i.e., Washington State is very complex - 27 chapters - Minnesota has a model parimutuel system

CALIFORNIA/KENTUCKY

EXTREMELY AMBIGUOUS - WILL HAVE ADMINISTRATION PROBLEMS

WHEN & HOW WILL MONEY BE HELD BY THE STATE

How will the competitors be protected?

This does not address any "application" system.

What about the "appearance of lack of trust"?

What about security?

Alaska State Legislature

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727



2

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

MEMORANDUM

TO: Representative Ulmer
State Affairs, Chair
FROM: Representative Larson *R.L.*
Sponsor of HB 32
DATE: February 10, 1987
SUBJ: Scheduling of the Pari-mutual Bill

It is with pleasure that I present HB 32 to you and your committee. The importance of HB32 is verified by the fact that the cities of Palmer and Wasilla have held elections on the concept of pari-mutual wagering. The voters, of both cities, solidly approved the concept.

HB 32 will establish a Alaska Racing Commission to regulate and enforce all provisions of the law regarding Pari-mutual racing. HB 32 would require a local option referendum on pari-mutual wagering for horse and team dog racing before these activities could be established in any area of the state.

I have included the following background material for your information:

1. Section by Section Analysis of HB 32
2. December 1986 article from Inside Track, entitled "Texas Legislature approves Pari-mutual Horse Racing."
3. Pari-mutuel betting Analysis--prepared in 1974 for the Alaska State Fair, Inc."
4. House Research Report on Pari-mutual Wagering (87.055)

I will prepare a position paper outlining my intent for your committee. I will also have local resolutions and support documents available for your committee.

I would appreciate your scheduling this bill as soon as possible. My staff and I stand ready to assist you and your committee in any way possible.

Thank you for your consideration of this important piece of legislation.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

February 9, 1987

SUBJECT: Section-by-section analysis of HB 32
TO: Representative Ron Larson
FROM: George Utermohle *GU*
Legislative Counsel

The following memorandum is the section-by-section analysis requested by Larry Bussone of your staff.

Please note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill, and the bill itself is the best statement of its contents.

Section 1. Section 1 of the bill provides for the creation of a commission to regulate racing and parimutuel wagering

Sec. 05.40.010 establishes the Alaska Racing Commission in the Department of Revenue. The commission is composed of five members appointed by the governor and confirmed by the legislature. Members of the commission must be residents of the state. A person may not be appointed to the commission if that person has been convicted of a felony or gambling offense. The commission members elect the chairman.

Sec. 05.40.020 sets the term of appointment to the commission

Sec. 05.40.030 establishes procedures for removal of a member from the commission.

Sec 05.40.040 provides that members of the commission receive no salary but do receive per diem and travel expenses authorized for boards and commissions.

Sec. 05.40.050 sets the quorum for the commission at three members.

Sec. 05.40.060 describes the jurisdiction of the commission over persons conducting or participating in a horse race or team dog race authorized by the commission where a stake or purse or reward is offered.

Sec. 05.40.070 sets out the duties and powers of the commission. The commission shall adopt regulations concerning licenses for persons subject to the jurisdiction of the commission, appointment of officials to monitor races, distribution of the parimutuel pool, veterinary standards for races, the equipment used for parimutuel wagering, auditing procedures, and other matters related to horse racing, team dog racing, and parimutuel wagering. The commission shall also license races, inspect race tracks and racing animals, establish standards for equipment used in team dog racing, establish racing dates and durations, sanction racing at specific locations, set fees, make an annual report to the commissioner of revenue and the legislature by February 1 of each year, keep detailed records of race meets and all collections and disbursements, and supervise parimutuel pools.

The commission may hire staff, compel witnesses to appear before the commission, compel production of documents of licensed racetracks, and appoint hearing officers.

Sec. 05.40.080 provides that the Attorney General will enforce the regulations of the commission.

Sec. 05.40.090 provides that the records of the commission are public.

Sec. 05.40.100 provides that money received by the commission shall be paid into the state's general fund.

Sec 05.40.110 requires that a person conducting or participating in a race meet be licensed by the commission. A person convicted of a felony or a gambling offense may not receive a license to conduct or to participate in a race meet.

Sec. 05.40.120 prohibits the commission from sanctioning a race within a municipality unless the voters of the municipality have approved a referendum authorizing parimutuel wagering on horse and team dog team races within the municipality.

Sec. 05.40.200 established prohibited acts and penalties. It is a class A misdemeanor to:

- 1) violate a regulation of the commission if no effect on the outcome of a race licensed by the commission was intended;
- 2) record, report, register, or place a wager on a horse race or team dog race except as provided under the authority of the commission;
- 3) permit a person under 18 years of age to place a wager.

A class A misdemeanor is punishable by imprisonment of not more than one year or a fine of not more than \$5,000 or both.

It is a class C felony to violate a provision of AS 05.40 or a regulation of the commission with the intent to affect the outcome of a race. A class C felony is punishable by imprisonment of not more than five years or a fine of not more than \$50,000, or both.

Sec 05.40.250 provides that the commission is subject to the Administrative Procedures Act.

Sec. 05.40.260 provides that members of the commission are subject to the prohibitions against conflict of interest.

Sec. 05.40.300 establishes definitions for "breakage", "commission", "harness race", "horse race", "meeting" or "meet", "parimutuel", and "team dog race".

Sec. 2. Section 2 of the bill amends AS 12.65.080 by providing that the Department of Safety shall investigate whether a person appointed to the commission, employed by the commission, or employed as a race official, race employee, or veterinarian has been convicted of a felony or a gambling offense.

Sec. 3. Section 3 of the bill amends AS 39.50.200(b) to include the Alaska Racing Commission within the definition of "state commission or board" so that members of the commission are subject to prohibitions against conflict of interest.

Representative Larson
February 9, 1987
Page 4

Sec. 4. Section 4 of the bill amends AS 44.62.330(a) so that the Alaska Racing Commission is subject to the procedures applicable to administrative adjudication under AS 44.62.330 - 44.62.630.

Sec. 5. Section 5 of the bill imposes a duty on the governor to appoint the initial members of the commission within 30 days after the effective date of this Act.

GU:csH
c7/052

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.

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

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 barriers 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

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 legislator 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 if 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 250,000 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 out 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-options election is held earlier."

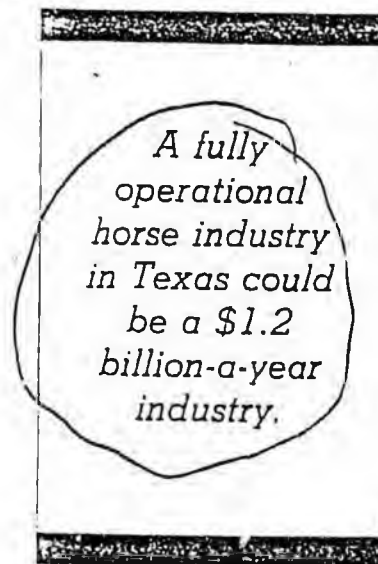
After the license application is submitted, Knox said, the racing commission has 120 days to act upon the application. If they haven't taken action within that time period, they can extend their review time for another 30 days, but they must take action (to either accept or reject the application) by 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 \$10 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 these 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

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 1865 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	1,300
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	10.30	81,000	600
Cayuse	19 to 1	40.30	81,600	0
Sweet Patootie	1 to 5	4.60	80,500	1,100
Caramel	50 to 1	108.30	31,600	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, sets 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.

\$15,000 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 (\$54,800 - \$8,900=\$45,900) among the holders of tickets on the three horses. The total bet to show on the three horses was \$27,300 (\$8,000 + \$10,000 + \$9,300 = \$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 \$2.50 to show and the breakage is \$33.33

Cayuse pays \$3.70 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.⁹ 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. Better must pick two horses, players, or dogs in the same race or game to finish either first or second".¹¹

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, \$8 million from breaks, and \$5 million from miscellaneous sources including concessions.¹⁹ (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.¹⁹ 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 1956 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 profits to the bookmaker, \$1 bet on horse racing is worth \$3.40 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 of 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 \$600 million annually.

State income in 1973-74 amounted to 280 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 \$448,327,000 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 inclosure

PARI-MUTUEL ATTENDANCE AND TURNOVER, 1955-1969

	Number of Racing Days	Total Attendance (thousands)	Pari-Mutuel Turnover
1955	4,399	38,503	\$2,592,000,000
1960	5,099	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	68,099	\$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 Sheilhammer 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 Beverly, Massachusetts.

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

on. The back area required to kennel the dogs is relatively meager, and Wonderland was paying the almost negligible Pervere 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 1957-68), 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 it's 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.

LIST OF FOOTNOTES

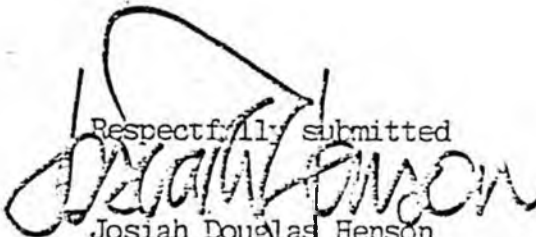
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Respectfully submitted

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



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

6

P.O. Box Y, State Capitol
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December 29, 1986

MEMORANDUM

TO: Representative Mike Szymanski

ATTN: Paula Terrel

FROM: Penelope Weyhrauch,^W
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 1975 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.

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	15.3
Average annual bet per bettor	\$186	\$294	\$336	\$577	\$294	\$436	\$513
Average annual bet per capita	\$16	\$46	\$44	\$99	\$61	\$88	\$78
Average annual takeout per capita	\$2.63	\$7.55	\$7.36	\$16.49	\$10.21	\$14.69	\$13.02
Takeout rate: 16.6%							
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 racetracks 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.

Representative Szymanski
December 29, 1986
Page 10

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

7



17 February 1987

House of Representatives
State Affairs Committee
Juneau, Alaska

Dear Committee Members:

I am a 30 years resident of this area, General Manager of Alaska State Fair, Inc. and have the honor of serving on the Palmer City Council. My family has been heavily involved in Agriculture for over 25 years and I think I have an excellent grasp on this area with regard to economy, leisure time facilities, quality of life and agricultural outlook.

As an individual, I do not think that the annual dividend is a good idea, I am in favor of personal income tax and I favor state sales tax as well. While I realize that even these avenues of income will not cover all state expenditures, I feel they would be a beginning. I also feel that the legalization of Pari-Mutuel wagering as described in HB32 would be an excellent source of additional income to assist in the shortfall.

Gambling is going on in our state now and has been for many years. At this time the state has no control over it nor does the state derive any income with respect to it.

I feel that HB32 Pari-Mutuel Wagering "on a local option basis" is the best such bill to have ever been presented to the legislature.

The people of Alaska must have a hand in determining their own destiny and this could very well be the first step.

If I can be of assistance to you in any way, please don't hesitate to call on me. I would appreciate your vote of "do pass" on HB 32.

Sincerely,

Marsha M. Melton
General Manager

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: EDIE SHELTON
TITLE:
ADDRESS: 3180 LEMMING CIRCLE
CITY: WASILLA ZIP: 99607
PHONE: 376-0599
BILL NO:
SUBJECT: PARINUTUEL LEGISLATION
MESSAGE: I AM DEFINITELY OPPOSED TO GAMBLING IN MAT-SU VALLEY. I BELIEVE
WILL BRING UNDUE CRIME TO THE THE VALLEY. IT IS AGAINST MY CHRISTIAN
BIEF AND THE WORD OF GOD. I THINK THE MAT-SU VALLEY IS A HEAT PLACE TO
E. WE LIVE HERE AND DON'T WANT TO BRING THAT KIND OF TRASH INTO THE
LE. REPLY REQUESTED.

PHID: 14170915
DATE: 02/20/87
TIME: 17:09:15
NAME: MAT-SU LIO

COPIES: REPRESENTATIVES SENATORS

LARSON KERTTULA
BOUCHER SZYMANSKI
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: DONALD R. GROB
TITLE:
ADDRESS: PO BOX 875267
CITY: WASILLA ZIP: 99607
PHONE: 373-1115
BILL NO:
SUBJECT: GAMBLING BILLS
MESSAGE: I WOULD LIKE YOU TO KNOW MY THOUGHTS ON PASSAGE OF ANY LEGISLATION
THAT COULD OPEN UP STATE SPONSORED GAMBLING. I THINK ONE MUST LOOK AT THE MOR/
QUESTIONS MORE THAN THE APPEALING INCOME LEVELS. IN MOST STATE WHICH GAMBLE
CRIME CORRUPTION AND RACKETEERING SOON FOLLOW THE CASH.

POMIO: 14163828
DATE: 02/20/87
TIME: 16:38:28
NAME: MAT-SU LIO

COPIES: REPRESENTATIVES

LARSON
ADAMS
BOYER
BROWN
DAVIS
FRANK
GOLL
POURCHOT
RIEGER
SWACKHAMMER
WALLIS
BOUCHER
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

RECEIVED FEB 24 1987

Dennis / Suoy

JK

RECEIVED FEB 24 1987

Dennis / Suoy

g

PUBLIC OPINION MESSAGE

AR: REPRESENTATIVE ULMER

ME: LORRAINE DERNER

LE:

SS: P O BOX 871734

ZIP: 99687

TY: WASILLA

NE: 376-3064

NO:

ECT: PARINUTUEL LEGISLATION

AGE: I AM OPPOSED TO THE GAMBLING BEING LEGALIZED IN THE MAT-SU

Y. IT IS DIRECT OPPOSITION TO MY CHRISTIAN BELIEFS.

MID: 14123957

ATE: 02/20/87

INE: 12:39:57

AHE: MAT-SU LIO

IES: REPRESENTATIVES SENATORS

LARSON	KERTTULA
BOUCHER	SZYMANSKI
DAVIDSON	
DONLEY	
HOFFMAN	
MARTIN	
MENARD	

Judy C.

RECEIVED FEB 23 1987

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: TOM TAGGART

TITLE: FREE AGENT

ADDRESS: BOX 50

CITY: HYDER, ALASKA

ZIP: 99923

PHONE: N/A-

BILL NO:

SUBJECT: GAMBLING/LOTTEPIES

MESSAGE: "CORRUPTION NEVER HAS BEEN COMPULSORY..." (ROBINSON JEFFERS) SO
"LEAD US NOT INTO TEMPTATION..."(MAT.6:13) "FOR THE LOVE OF MONEY IS THE ROOT
OFF ALL EVIL..."(1TIM.6:19), AND BESIDES: "WE DON'T GIVE A DAMN HOW THEY DO I
OUTSIDE" (ALASKA CONSTITUTIONAL CONVENTION, 1955). POSTSCRIPT: "AMEN."

POHID: 08082609

DATE: 03/02/87

TIME: 08:26:09

LIONAME: KETCHIKAN LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

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

RECEIVED MAR 3 1987

PUBLIC OPINION MESSAGE

JK
SA
file

DEAR: REPRESENTATIVE ULMER

NAME: DOUG COBURN
TITLE:
ADDRESS: 2050 SCHROCK ROAD
CITY: NASILLA ZIP: 99687
PHONE: 376-2936
BILL NO: HB 95

SUBJECT: ALLOW GAMBLING IN MUNICIPALITIES
MESSAGE: HB 32, SB63: GAMBLING REPRESENTS BAD SOCIAL POLICY! IS IT WISE TO ENACT PROGRAMS THAT TEMPT THOSE ADDICTED TO GAMBLING, EFFECT THE POOR AND DEPRESSED BUSINESS BY DIVERTING MONEY THAT WOULD BE SPENT ON CONSUMER GOODS. SHOULDN'T GOVERNMENT PROMOTE PUBLIC VIRTUE INSTEAD OF ENTICING CITIZENS TO PARTICIPATE IN STATE-SPONSORED VICE? BE WISE!

POMID: 03124547
DATE: 03/02/87
TIME: 12:45:47
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES SENATORS

BOUCHER	ABOOD
DAVIUSON	BENNETT
DONLEY	BINKLEY
HOFFMAN	COGHILL
MARTIN	DUNCAN
MENARD	ELIASON
	FAHRENKAMP
	FAIKS
	FISCHER
	HALFORD
	HENSLY
	JONES
	JOSEPHSON
	KELLY
	KERTTULA
	RODEY
	STURGULEWSKI
	SZYMANSKI
	UEHLING
	ZHAROFF

RECEIVED MAR 3 1987

PUBLIC OPINION MESSAGE

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

DEAR: REPRESENTATIVE ULMER

NAME: RHONDA MCCAFFERY

NAME: HELEN FENTON

TITLE:

TITLE:

ADDRESS: 291 DIVISION STREET

ADDRESS: 2252 YAMKOVICH

CITY: FAIRBANKS, ALASKA

ZIP: 99712

CITY: FAIRBANKS, ALASKA

ZIP: 99709

PHONE: 457-6307

PHONE: 479-2809

L NO:

BILL NO:

SUBJECT: GAMBLING

SUBJECT: GAMBLING

MESSAGE: I OPPOSE THIS BILL. FIRST, IT PROMOTES UNORGANIZED AND ORGANIZED
 CRIME. ALSO, IT PROMOTES IRRESPONSIBILITY OF A PERSON'S MONEY.
 EOM-FZ

MESSAGE: I OPPOSE THIS BILL. FIRST, IT PROMOTES UNORGANIZED AND ORGANIZED
 CRIME. ALSO, IT PROMOTES IRRESPONSIBILITY OF A PERSON'S MONEY.
 EOM-FZ

POMID: 07135530

POMID: 07130507

DATE: 03/10/87

DATE: 03/10/87

TIME: 13:55:30

TIME: 13:05:07

NAME: FAIRBANKS LIO

NAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES SENATORSCOPIES: REPRESENTATIVES SENATORS

DAVIS	ABOOD
BOUCHER	FAIKS
DAVIDSON	HENSLEY
DONLEY	JOSEPHSON
HOFFMAN	UEHLING
MARTIN	
MENARD	

KOPONEN	ABOOD
BOUCHER	FAIKS
DAVIDSON	HENSLEY
DONLEY	JOSEPHSON
HOFFMAN	UEHLING
MARTIN	
MENARD	

Alaska State Legislature



Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 485-3727

Interim Address:
BOX 53
PALMER, ALASKA 99645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

MEMORANDUM

TO: Representative Fran Ulmer
Chairman, State Affairs Committee
FROM: Representative Ron Larson *R.L.*
Sponsor of HB 32
SUBJ: Pari-mutual Racing
DATE: February 18, 1987

It is with pleasure that I present HB 32 to your committee. This proposed bill is my effort to establish legitimate and regulated racing in the Mat-Su Valley and the state.

As you know the heartland of the Matanuska Valley had its symbolic beginnings with agriculture. What better way of honoring this hearty Alaskan occupation than by encouraging it to continue in a new form, through a small Pari-mutual Racing Track? The raising of stock, provision of fodder, and the associated tourism and construction trades will do much for this borough with a 15.2% unemployment rate.

Now is the time for local governments to provide the stimulus for creative revenue. Pari-mutual racing does just that--in a legal and organized fashion--but only if the local voters approve the concept.

I look forward to working with you and your committee on this bill. I urge your favorable advice and vote.

cc. Committee Members

Attachments:

15 Questions About HB 32, Representative Larson
"Horse Racing at the State Fair", Times
"Valley Cities would welcome Track Gambling", Frontiersman
Letter from Marsha Melton, Alaska State Fair
City of Palmer Ordinance and Advisory Vote Results
City of Wasilla Resolution and Advisory Vote Results

FIFTEEN QUESTIONS ABOUT HB 32 AND PARI-MUTUAL WAGERING
by Representative Larson

1. What is Pari-mutual wagering?

Pari-mutual wagering is a system of betting dating back to the mid 1800's. This type of wagering differs from typical gambling by virtue of the fact that the odds are not arbitrary.

Pari-mutual wagering occurs when all collective bettors pool their money together. The odds are then calculated systematically. The total amount wagered, versus the individual bets, determines the full amount, which is divided among the winners.

2. What local support has there been for Pari-mutual Wagering?

Both the cities of Palmer and Wasilla had an advisory proposition placed on the October 7, 1986 ballot concerning Pari-mutual wagering on certain horse races.

The results in Palmer were 58.2% in favor of the concept. (In addition the Palmer Municipal Code--Chapter 3.32--addresses pari-mutual wagering through City Ordinance #321.)

The results in Wasilla were 62% in favor of the concept. (In addition the City of Wasilla has Resolution W85-J-6, which supports the local option for pari-mutual gambling.)

3. What type of benefits will Pari-mutual racing provide?

Clearly the most obvious benefit would be the added revenue. The income will come painlessly to the state without burdening the taxpayer. The amount of revenue depends on the frequency of the events authorized by the Commission set out in HB 32.

Another equally important local benefit would be the generation of the racing business itself. Infrastructure, such as breeding, training, and racing facilities, will be an incentive for the construction industry. Additionally, racing will create a destination and accompanying services for the tourism trade. (This business is a natural spin-off of the Mat-Su's agricultural and historical heritage.)

4. Is pari-mutual racing legal elsewhere?

Currently 36 states allow the pari-mutual betting system for either horses, dogs or both.

5. What is the development scenario for Pari-mutual racing?
After local endorsement, preparation time could be six months to several years, depending on the level of development. A racing season might be for approximately 10 weeks, with both the Alaska and Tanana Fairs as the more competitive exhibitions. As participation increases, so would the growth.

Pari-mutual professionals tell us that an average scenario would include typically eight races a day, with eight entries per field. Estimates indicate that 270 animals would be required for a successful start-up.

The most important thing about this type of racing is the controlled conditions which will guarantee the integrity of the race. Sophisticated racing equipment would be rented from outside; this is very normal procedure elsewhere, where racing is on a similarly small scale.

6. What is the fiscal note for HB 32?
We expect the fiscal note to be relatively small, based on the assumption that this is a 10 week season. The Commission will be providing the initial professional expertise. One office person would be required full-time. We assume that contracts would be let, according to need. Based on the development of races and facilities, the employment possibilities follow the same growth curve.
7. Will team dog racing compete with existing dog races in Alaska?
No. In fact, the Alaskan Musers feel it would be good for their sport as well. Dog team races would probably occur in the summer when similar training occurs anyway. A team of dogs would use the same racing facility, only under slightly different track conditions. Naturally horses and dogs would not race at the same time.
8. What is the role of the Racing Commission?
The Commission will regulate racing and pari-mutuel racing. Their wide range of regulatory responsibilities are outlined clearly in the bill, including their specific enforcement powers regarding prohibited acts and penalties.

The Commission shall adopt regulations; appoint officials; supervise and distribute the pool; ascertain standards for veterinaries, equipment, audits, and other related matters; license races; inspect racetracks and animals; establish dates, durations, locations, fees; account for all records, collections and disbursements; hire staff; compel witnesses; and appoint hearing officers.

9. Has there been Pari-mutual Legislation introduced in Alaska before?

Pari-mutual legislation was introduced in the 10th, 11th, and 12th Legislative sessions. It passed the house in the 10th session, but died in the Senate. In both the 11th and 12th Legislative sessions the proposed legislation was never considered by the first committee of referral.

10. How is HB32 different from the earlier Pari-mutual legislation?

Prior legislation outlined the exact percentages for distribution of the pool. Prior legislation did not require a majority municipal referendum.

11. How is para-mutual wagering different from other games of chance and contests of skill?

Oversight and regulation is much greater. The complexities of the wagering system and accompanying safeguards were built into it purposefully.

HE 32 legislates pari-mutual guidelines which will disallow abuse. (A "totalisator" is used which is an especially designed electrical device which calculated the bets and determines the winnings--according to the odds.) The regulatory nature of the Commission coupled with the required, sophisticated equipment enhance the pari-mutual system to offset tampering and to ensure security for the establishment and the bettor.

12. What is a "typical participant" in pari-mutual wagering?
Studies have shown that participants are generally white collar workers with one or more years of higher education and an income of \$35,000 or more. Achievers (loosely defined as managers, administrators, business or government leaders, educators or politicians) are common participants in pari-mutual racing.

13. How would this system affect the non-participants?

It wouldn't, except by choice. First, it would have to be a local decision to allow pari-mutual wagering within the municipality. Sec. 05.40.120 requires a municipality to have a majority referendum authorizing pari-mutual racing.

Secondly, and more importantly, it would be an individual choice to partake in wagering. The vulnerability of an individual can not be regulated. Article 3 prohibits a person under the age of 18 to use the pari-mutual system.

14. How have other states benefited from pari-mutual wagering?

Other states have benefited by revenues to the general fund, tourism potential, animal sales, construction and real estate purchases (some states constitutionally allow dedicated funds and many specific groups have benefited--such as capital improvement projects, school systems, or rehabilitation).

Texas, another state financially hurt from declining oil revenues, has just recently approved a pari-mutual racing bill which will allow a statewide referendum regarding the issue. A co-sponsor estimates that if pari-mutual wagering is approved, the state's general fund will benefit to the tune of \$110 million by 1991.

15. Who would be the monetary beneficiaries?

The licensee (usually a privately owned track) makes money by taking a certain percentage of the pool--determined by the Commission (usually between 15% and 20%).

The government, which establishes the Commission, also takes a percentage (usually between 1.5% and 5%).

The entrants would receive their respective portion of the purse (usually 10% or less of the pool).

Finally, the participants who have the "winning tickets" would also be beneficiaries.

Horse Racing At The Fair ⁶⁻²



TRIPLE TUFF leads the field in one of last year's races at the new Alaska State Fair race track south of Palmer.

Riding is Bobby McCarthy Jr. Triple Tuff is now owned by Len and Marsha Melton.

Photo Finish ^{6-28-74 Times} At State Fair

Nearly 1,000 people gathered at the Alaska State Fair race track in Palmer over the weekend to watch 22 horses charge across the finish line with one race so close only the photo finish camera could tell the winner. Great interest has generated among the crowd in racing.

Friday night the 220 winner was Pow Wow Gidget owned by Ellis Enterprises and ridden by Dana Richmond; second Thanks Doc, owner Jinx Coster, jockey Sissy Melton, third was Dungereer ridden by Steve Clark and owned by Dennis Clark. In the 350, Doc won over Pow Wow Gidget.

The 440 saw Babe's Twig owned and ridden by Cecil Premus take the race with Triple Tuff owned by Len Melton, ridden by Hoot Melton, hot on his heels and Moon's Hotshot, Ellis Enterprises and jockey Dana Richmond taking third. Just a Bird and Mac's Little Kid also ran.

General Bars ridden by Bob McCarthy, owner Dennis Clark, won over Nile Queen ridden by Kris Roetman, owned by Emmett Roetman. Both are thoroughbreds.

An exciting cow pony race

with eight entries had only a third place winner, Danny owned and ridden by Kelly Wilson. The first and second place animals were disqualified for fouls.

Outstanding weather contributed to standing room only for Saturday afternoon racing. Pow Wow Gidget took Thanks Doc and Ragged Ann owned by Esther Erikson and ridden by Terry Erickson in the 220.

The next racing date will be Saturday and Sunday at 2 p.m. on July 6 and 7. Race horse owners may practice at the Alaska State Fair, Inc. race track one mile from Palmer on Tuesday and Thursday evenings, 7:30-9:30 p.m. and Sunday afternoon from 2-4 p.m. (except on racing days). Ed Premus will be the gate keeper while Vernon France is on vacation.

Government

Valley cities would welcome track gambling

By JIM BRUGGERS
MAT-SU—Even though wagering on a horse race is against state law, the Palmer and Wasilla city councils think having a race track in the Valley is a good bet on the future.

The two councils are looking at parimutual betting as one way to make up for the state's declining oil wealth.

However, officials from both towns acknowledge that legislation will have to be passed in Juneau

before this form of gambling will be legal.

The issue surfaced last week, first in Wasilla and then in Palmer, in a sequence of events that has Palmer scrambling to maintain its lead in being the first Alaska city to allow gambling on horse races.

In Wasilla, Mayor Charles Bumpus announced that he would encourage parimutual betting in his town. An ordinance allowing it,

pending state approval, is being drafted now, according to Wasilla Development Coordinator John Stein. That ordinance will be introduced at the Wasilla council's Aug. 12 meeting.

Stein said Friday that parimutual betting could be a good source of revenue for the city, through attracting tourism dollars as well as supporting agricultural-related businesses in the

Valley.

He said the "Anchorage market" might also support parimutual betting. But he cautioned that, before the city should take on such a project, a major feasibility study would need to be done.

Immediately after learning of Wasilla's interest in setting up a track, the Palmer council introduced its own ordinance at a special

meeting late Thursday afternoon.

According to Palmer Mayor George Carte, the meeting was called by City Manager Dave Soulak and at the request of councilwoman Marsha Melton, who is also the Alaska State Fair manager.

The mayor, who said he will probably oppose gambling in Palmer, said the meeting was called so Palmer could stay ahead of Wasilla in this issue.

He noted that the State Fair has, for a number of years, been interested in establishing parimutual betting at its race track.

In fact, the fair commissioned a study on the practice of parimutual betting in 1977.

The Palmer council's action, approved unanimously by Mike Pippel, Marsha Melton, Joe Berberich, Diana Long and Carte, established a public

hearing Aug. 13 before the Palmer council.

Carte said before the meeting that he isn't sure gambling would be appropriate in Palmer.

According to the fair's study, parimutual betting is the 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, the report states.



17 February 1987

House of Representatives
State Affairs Committee
Juneau, Alaska

Dear Committee Members:

I am a 30 years resident of this area, General Manager of Alaska State Fair, Inc. and have the honor of serving on the Palmer City Council. My family has been heavily involved in Agriculture for over 25 years and I think I have an excellent grasp on this area with regard to economy, leisure time facilities, quality of life and agricultural outlook.

As an individual, I do not think that the annual dividend is a good idea, I am in favor of personal income tax and I favor state sales tax as well. While I realize that even these avenues of income will not cover all state expenditures, I feel they would be a beginning. I also feel that the legalization of Pari-Mutuel wagering as described in HB32 would be an excellent source of additional income to assist in the shortfall.



Gambling is going on in our state now and has been for many years. At this time the state has no control over it nor does the state derive any income with respect to it.

I feel that HB32 Pari-Mutuel Wagering "on a local option basis" is the best such bill to have ever been presented to the legislature.

The people of Alaska must have a hand in determining their own destiny and this could very well be the first step.

If I can be of assistance to you in any way, please don't hesitate to call on me. I would appreciate your vote of "do pass" on HB 32.

Sincerely,
Marsha M. Melton

Marsha M. Melton
General Manager

CITY OF PALMER, ALASKA

ORDINANCE NO. 321

AN ORDINANCE CREATING A NEW CHAPTER 3.32 OF TITLE 3 OF THE PALMER MUNICIPAL CODE ENTITLED PARI-MUTUEL WAGERING ON CERTAIN HORSE RACES.

THE CITY OF PALMER, ALASKA, ORDAINS:

Section 1. Classification. This ordinance shall be of a permanent nature and shall become a part of the City of Palmer Code of Ordinances.

Section 2. Severability. If any provisions of this ordinance, or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Chapter 3.32-Pari-Mutuel Wagering of Title 3 of the Palmer Municipal Code is hereby created as follows:

3.32.010 General. Pari-mutuel betting on horse racing may be permitted under this chapter to the extent not prohibited by Alaska State Statutes.

3.32.020 Sales Tax Applicability. A two (2) percent sales tax shall be charged on all gate admissions, concessions and gross monies deposited in the pari-mutuel system, to the extent not prohibited by Alaska State Statutes.

Section 4. Publication and Effective Date. This ordinance shall become effective immediately upon its adoption and publication shall be by posting a copy hereof on the City Hall bulletin board for a period of ten (10) days following its adoption, and it shall be published by being printed and included in the Palmer Municipal Code at its next regular supplementation and printing. A notice of public hearing shall be given by such posting at least five (5) days before final passage.

First Reading: August 1, 1985

Public Hearing &
Second Reading: August 13, 1985

Adopted by the City Council of the City of Palmer, Alaska, this 13th day of August, 1985.

GEORGE W. CARTE', MAYOR

DAVID L. SOULAK, CITY CLERK

Signed: August 13, 1985
By Mayor and
City Clerk

ALMER SPECIAL CITY COUNCIL MEETING MINUTES - OCTOBER 9, 1986

Joe Tull	Council	1	0	1
Eve Hermon	Council	1	0	1
Roger Saunders	Council	1	0	1
S. Luse	Council	1	0	1
Dorothy Saxton	Council	1	0	1
Jerry Hann	Council	3	0	3
ADVISORY PROPOSITION NO. 1	YES	264	6	270
	NO	155	1	156

There was a total of 464 votes cast.

MOVED BERBERICH, SECONDED JOHNSON to certify the election results as presented. MCU.

2. Award Bid - Water Well.

On October 3, 1986 bids were opened for the new water well located at the southwest corner of the airport. Two bids were received, one from RG&B Contractor for \$74,400 and the other from M-W Drilling for \$44,428. The administration recommended award to M-W Drilling as the low bidder. There were no irregularities in either of the bids.

MOVED BERBERICH, SECONDED PIPPEL to award the bid for the new water well to M-W Drilling, the low bidder in the amount of \$44,428. MCU.

3. Award Bid - Runway Paving.

Bids were opened at 10:30 A.M. today for the runway paving project. Three bids were received as follows: Hermon Brothers for \$159,166.80; Wilder Construction for \$163,300 and Rasco for \$309,630. The engineer's estimate was \$185,350. The administration recommended award to the low bidder, Hermon Brothers in the amount of \$159,166.80. These bids were reviewed by both the engineer and attorney and there were no irregularities.

MOVED BERBERICH, SECONDED LONG to award the Runway Paving bid to the low bidder, Hermon Brothers in the amount of \$159,166.80. MCU.

4. Award Bid - Town Square Project.

Four bids were received and opened at 11 A.M. today on the town square earthwork project which entails contouring the land and building berms. Bids were received from: Alaska Central Construction for \$12,800; Kopperud Transportation for \$21,695; Hermon Brothers for \$27,758; and Ohno Construction for \$35,280. The engineer's estimate was \$17,500. The administration recommended awarding this bid to the low bidder, Alaska Central Construction in the amount of \$12,800. These bids were also reviewed by the attorney.

MOVED LONG, SECONDED JOHNSON to award the Town Square Earthwork to the low bidder, Alaska Central Construction in the amount of \$12,800. MCU.

Mayor Carte' made one comment regarding the hospital. The hospital has purchased land in Wasilla and there is a possibility that the Certificate of Need process will no longer be required. The Valley Hospital was turned down for a Certificate of Need to build a hospital in Wasilla earlier and were urged to add additional beds to the existing facility in Palmer. The Mayor felt it is just a matter of time before they close down the existing hospital or turn it into some other use, according to comments he has heard. The recent Attorney General's Opinion just states it has to be used for a public purpose but doesn't have to remain as a hospital. Once the Certificate of Need requirement no longer exists, the Hospital will probably begin construction in Wasilla as without a Certificate, anyone can build a hospital wherever they want and Valley Hospital wants to be the first to build in Wasilla, rather than have Providence



CITY OF WASILLA

P.O. BOX 870430
WASILLA, ALASKA 99687
PHONE: 376-5227

Requested by: Mayor Bumpus
Prepared by: Mayor's Office

RESOLUTION NO. W85-J-6

A RESOLUTION OF THE CITY OF WASILLA SUPPORTING LOCAL OPTION FOR PARI-MUTUEL GAMBLING.

WHEREAS, the State of Alaska no longer has the funds to support local Capital Improvements that accomodates current growth patterns; and


WHEREAS, it is the City of Wasilla's goal to become financially independent, if possible; and

WHEREAS, Pari-Mutuel Gambling would enhance economic development and provide a major tax revenue source for the City of Wasilla;

NOW, THEREFORE BE IT RESOLVED that the City of Wasilla supports local option for pari-mutuel gambling.

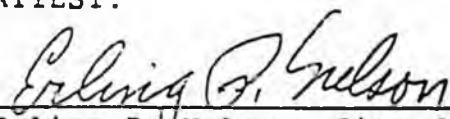
I certify that a resolution in substantially the above form was passed by a majority of those voting at a duly called and conducted meeting of the governing body of the City of Wasilla this 12th day of August, 1985.

APPROVED:



Charles H. Bumpus, Mayor

ATTEST:



Erling P. Nelson, City Clerk, CMC

(SEAL)

ATTACHMENT "A"

ELECTION WORKSHEET REGULAR ELECTION 10-7-76

SEAT "C" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
MOSLEY, VINCENT T.	168	108	12	11	0	0	299	47.54%
PATTERSON, DONALD C.	177	130	11	7	0	0	325	51.67%
WRITEINS	3	2	0	0	0	0	5	.79%
TOTAL	348	240	23	18	0	0	629	100.00%

SEAT "D" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
BEUTLER, CLYDE	93	66	3	7	0	0	169	26.04%
CARNEY, DOMONIC	129	127	13	6	0	0	275	42.37%
GROB, DONALD (RICK)	125	63	7	8	0	0	203	31.28%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	349	256	23	21	0	0	649	100.00%

SEAT "E" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
HJELLEN, PAT	157	108	13	12	0	0	290	43.22%
KEMP, MICHAEL	207	151	10	10	0	0	378	56.33%
WRITEINS	2	1	0	0	0	0	3	.45%
TOTAL	366	260	23	22	0	0	671	100.00%

SEAT "F" CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	
	#37	#38	#37	#38	#37	#38		%
CARTER, THOMAS L.	157	149	10	5	0	0	321	50.00%
MAW, TERRY R.	69	46	1	2	0	0	118	18.38%
POSEY, DONALD R.	118	59	12	12	0	0	201	31.31%
WRITEINS	2	0	0	0	0	0	2	.31%
TOTAL	346	254	23	19	0	0	642	100.00%

ELECTION OF 1976

CANDIDATES	REGULAR						TOTAL	% TOTAL
	#37	#38	#39	#40	#41	#42		
BUSHNELL, KILLET R.	0	0	0	0	0	0	0	0.00%
COTTE, COLLEEN J.	0	0	0	0	0	0	0	0.00%
DeCAMP, RICHARD J. (DEP)	0	0	0	0	0	0	0	0.00%
LANGILL, FRANK S.	0	0	0	0	0	0	0	0.00%
McCARHY, RAYMOND P.	0	0	0	0	0	0	0	0.00%
MARTIN, ED SR.	0	0	0	0	0	0	0	0.00%
NEWCOMB, HAROLD S.	0	0	0	0	0	0	0	0.00%
PAGE, DOROTHY B.	0	0	0	0	0	0	0	0.00%
WRITEINS	0	0	0	0	0	0	0	0.00%
TOTALS	383	285	24	22	0	0	714	100.00%

ADVISORY QUESTIONNAIRE

PARI-MUTUEL HORSE RACING	REGULAR						TOTAL	% TOTAL
	#37	#38	#39	#40	#41	#42		
YES	181	181	15	16	0	0	393	61.9%
NO	130	99	6	6	0	0	241	38.0%
TOTAL	311	280	21	22	0	0	634	100.0%

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

5-0175B ✓
Utermohle
2/25/87

Original sponsors: Larson and Menard

1 IN THE HOUSE

2 CS FOR 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.
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;

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(5) establish racing dates and durations;

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

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

(8) set all license fees;

(9) make an annual report to the commissioner of revenue and the legislature of its administration of this chapter before February 1 of each year;

(10) keep detailed records of all race meets and of all collections and disbursements;

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

(b) The commission may

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

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

(3) compel the production of documents showing the receipts and disbursements of a person licensed to conduct a race meet;

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

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

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

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

ARTICLE 2. RACE MEETS.

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.