

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988

8672

5426 SLAB HB 23 - HB 32



September 1, 1988 through March 31, 1989; and \$3.50 per month thereafter.

(b) The End User Common Line charge for each subscriber line used for Centrex-CO service that was in place or on order as of July 27, 1983, shall be the lesser of the charge computed in Section 69.104(c) or \$3 per line per month until May 31, 1987; \$4 per line per month during the period from June 1, 1987 through August 31, 1988; \$5 per line per month for the period from September 1, 1988 through March 31, 1988; and \$6 per line per month thereafter.

(c) No charge shall be assessed for any WATS access line.

* * * * *

69.207 Interim Carrier Common Line Charges

Notwithstanding Sections 69.203 and 69.205, the transitional premium charges for the Carrier Common Line element shall be computed in accordance with this section during the period commencing June 1, 1986, and concluding August 31, 1988. For purposes of this section, the term "open end" of a call refers to the origination or termination of a call that utilizes exchange carrier common line plant. (A call can have no, one, or two open ends). The transitional premium charges for the Carrier Common Line element shall be expressed in dollars and cents per access minute. The charge shall be 4.33 cents per premium minute for: (i) All terminating premium minutes on calls with two open ends (e.g., an MTS or OCC MTS-type call); and (ii) all WATS-type or FX calls. For purposes of this section, the term "originating-II minutes" refers to originating minutes on calls with two open ends. The charge on premium originating-II minutes shall be computed by subtracting the sum of the projected revenues generated from (i) the 4.33 cents per minute premium charge described above and (ii) the corresponding non-premium charge, from the carrier common line revenue requirement and dividing the remainder by the sum of the projected premium originating-II minutes and a number equal to .45 multiplied by the projected non-premium originating-II minutes. For purposes of this section, if the calculations described above result in a negative per minute charge on originating-II minutes, such charge shall be adjusted to equal .00 cents, and the charge of 4.33 cents on terminating minutes shall be lowered accordingly.

* * * * *

69.410 Other Expenses

69.604 Billing and Collection of Access Charges

- (a) Telephone companies shall bill and collect all access charges except those charges specified in Sections 69.116 and 69.117.

69.605 Reporting and Distribution of Pool Access Revenues

- (a) Access revenues and cost data shall be reported by participants in association tariffs to the association for computation of monthly pool revenues distributions in accordance with this Subpart.

69.612 Long Term and Transitional Support

A telephone company that does not participate in the association Common Line tariff shall have computed by the association:

- (a) Long Term Support Obligation

The Long Term Support payment obligation of telephone companies that are not association Common Line tariff participants shall be equivalent to the difference between the projected Carrier Common Line revenue requirement of association Common Line tariff participants and the projected revenue recovered by the association Carrier Common Line charge as calculated pursuant to Section 69.105(b)(1).

- (1) For the period from April 1, 1989 through March 31, 1994, the Long Term Support payment obligation shall be funded by all telephone companies that are not association Common Line tariff participants and do not receive transitional support pursuant to subsection 69.612(b). The percentage of the total annual Long Term Support requirement paid by each telephone company in this group that is not a Level I or Level II Contributor shall equal the number of its common lines divided by the total number of common lines of all telephone companies paying Long Term Support. The remaining amount of Long Term Support requirement shall be allocated among Level I and Level II Contributors based upon the amount of each Level I and Level II Contributor's 1988 contributions to the association Common Line pool in relation to the total amount of 1988 Common Line pool contributions of all other Level I and Level II Contributors. The association shall inform each telephone company about its mandatory Long Term Support obligation within a reasonable time prior to the

filing of each telephone company's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due to the association that it shall bill, collect, and distribute pursuant to Section 69.603(e).

- (2) Beginning April 1, 1994, and thereafter, the Long Term Support payment obligation shall be funded by each telephone company that files its own Carrier Common Line tariff and does not receive transitional support. The percentage of the total annual Long Term Support requirement paid by each of these companies shall equal the number of its common lines divided by the total number of common lines of all telephone companies paying Long Term Support. The association shall inform each telephone company about its mandatory Long Term Support obligation within a reasonable time prior to the filing of each telephone company's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due to the association that it shall bill, collect, and distribute pursuant to Section 69.603(f).

(b) Transitional Support

- (1) Telephone Companies categorized as Level I and Level II Receivers that file their own Common Line tariffs effective April 1, 1989 shall receive Transitional Support for a four year period commencing April 1, 1989. Level II Receivers that file their own Common Line tariffs effective January 1, 1990 shall receive Transitional Support for a four year period commencing January 1, 1990. Transitional Support for each of these telephone companies shall be computed on the basis of its net revenues less revenue requirement amounts for 1988 (adjusted for the additional revenues resulting from an increase in End User Common line charges to \$3.50) Transitional Support for these telephone companies during the transition period shall be as follows:

- Year 1 - 80% of the adjusted 1987 frozen amount
- Year 2 - 60% of the adjusted 1987 frozen amount
- Year 3 - 40% of the adjusted 1987 frozen amount
- Year 4 - 20% of the adjusted 1987 frozen amount

- (2) For the period from April 1, 1989 through December 31, 1994, the Transitional Support Fund shall be funded by all telephone companies or groups of affiliated telephone companies that are not association Common Line tariff

775 78
877 539

participants and do not qualify under Section 69.612(b)(1) for Transitional Support payments. The percentage of the total annual Transitional Support requirement paid by each telephone company or group of affiliated telephone companies meeting this definition that is not a Level I or Level II Contributor shall equal the number of its common lines divided by the total number of common lines of all companies paying Transitional Support. The percentage of the remaining Transitional Support requirement shall be allocated among Level I and Level II Contributors based upon the amount of each Level I and Level II Contributor's 1988 contributions to the association Common Line Pool in relation to the total amount of 1988 Common Line pool contributions of all other Level I and Level II Contributors. The Association shall inform each Level I and Level II Contributor about its mandatory Transitional Support payment within a reasonable time prior to the filing of each telephone company's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due the association from Level I and Level II Contributors that the association shall bill, collect, and distribute pursuant to Section 69.603(f).

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

participants and do not qualify under Section 69.612(b)(1) for Transitional Support payments. The percentage of the total annual Transitional Support requirement paid by each telephone company or group of affiliated telephone companies meeting this definition that is not a Level I or Level II Contributor shall equal the number of its common lines divided by the total number of common lines of all companies paying Transitional Support. The percentage of the remaining Transitional Support requirement shall be allocated among Level I and Level II Contributors based upon the amount of each Level I and Level II Contributor's 1988 contributions to the association Common Line Pool in relation to the total amount of 1988 Common Line pool contributions of all other Level I and Level II Contributors. The Association shall inform each Level I and Level II Contributor about its mandatory Transitional Support payment within a reasonable time prior to the filing of each telephone company's annual Common Line tariff revisions or other similar filing ordered by the Commission. Such amounts shall represent a negative net balance due the association from Level I and Level II Contributors that the association shall bill, collect, and distribute pursuant to Section 69.603(f).

Original sponsor: Boucher

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 23 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reduced rates and discounted
7 service for low-income telecommunication customers."

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

9 * Section 1. AS 42.05.301 is amended by adding a new subsection to
10 read:

11 (b) Notwithstanding (a) of this section, a public utility may
12 propose a discounted service or a reduced rate for essential telecom-
13 munication services for the benefit of its low-income customers who
14 qualify for federal or state administered social services assistance
15 programs that determine eligibility based on financial need. The
16 commission may not require a utility to provide a discounted service
17 or reduced rate under this subsection. The commission may not require
18 a telephone utility to incur uncompensated costs or administrative
19 burdens that are not recoverable through an approved tariff if the
20 utility provides a discounted service or reduced rate.

21 * Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

22 (e) Notwithstanding (a) of this section, a public utility may
23 propose a discounted service or a reduced rate for essential telecom-
24 munication services for the benefit of its low-income customers who
25 qualify for federal or state administered social services assistance
26 programs that determine eligibility based on financial need. The
27 commission may not require a utility to provide a discounted service
28 or reduced rate under this subsection. The commission may not require
29 a telephone utility to incur uncompensated costs or administrative

1 burdens that are not recoverable through an approved tariff if the
2 utility provides a discounted service or reduced rate.
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Alaska Telephone Association

201 E. 56th Avenue / Suite 290
Anchorage, Alaska 99518
(907) 563-4000

W. D. Pyron
President

Ted Lehne
Executive Director

TELECOPIER COVER SHEET

DATE: 3/4/88 TIME: 3:20 pm

FROM: TED LEHNE

DELIVER TO:

COMPANY: SEN. TIM KELLY'S OFFICE

ATTENTION: JOHN RINGSTAD

PHONE NO.:

FACSIMILE NO.: 463-4867

NUMBER OF PAGES BEING TRANSMITTED: 2
(INCLUDING COVER SHEET)

IF YOU EXPERIENCE ANY PROBLEMS
PLEASE CALL JANIS AT (907) 563-4000.

ATA FAX NO.: 907/562-3776

Offered: 3/4/87
Referred: Labor & Commerce

5-0202B

Original sponsor: Boucher

ADOPTED THIS AS CS

1 IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATIONS

2

CS FOR HOUSE BILL NO. 23 (Telecommunications)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to reduced rates and discounted

7

service for low-income telecommunication customers."

8

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

9

* Section 1. AS 42.05.301 is amended by adding a new subsection to

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12

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13

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administered means-test social services assistance programs. ~~The~~

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~~commission may not require a utility to provide a discounted service~~

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or reduced rate under this subsection. The commission may not require

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a telephone utility to incur uncompensated costs or administrative

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burdens that are not recoverable through an approved tariff if the

19

utility provides a discounted service or reduced rate.

20

* Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

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27

a telephone utility to incur uncompensated costs or administrative

burdens that are not recoverable through an approved tariff if the

utility provides a discounted service or reduced rate.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931



CHAIRMAN
Special Committee on
Telecommunications

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

APRIL 27, 1987

FROM: H.A. "RED" BOUCHER *RB*
TO: MEMBERS OF THE SENATE STATE AFFAIRS COMMITTEE
SUBJECT: HB 23 AN ACT RELATING TO REDUCED RATES AND
DISCOUNTED SERVICE FOR LOW-INCOME TELECOMMUNICATION
CUSTOMERS

INTENT

The purpose of HB 23 is to make it possible for telephone companies to offer reduced rates and services to low-income customers.

THE PROBLEM

As a result of deregulation of the telephone industry, long distance rates have decreased, but local rates have, on the average, increased (see graph).

Alaska's low income residents could be forced to drop basic telephone service if local phone rates and installation charges increase.

Current Alaska law does not permit telephone companies to offer reduced rates or discounted service to low-income customers.

CHANGES PROPOSED BY HB 23

HB 23 modifies the Alaska Public Utilities Commission Act to permit a telephone company to propose a discounted service or a reduced rate for telephone service.

Note that HB 23 does not require telephone utilities or the Alaska Public Utilities Commission to provide discounted rates or service.

FISCAL NOTE

A zero fiscal note was presented by the Alaska Public Utilities Commission.

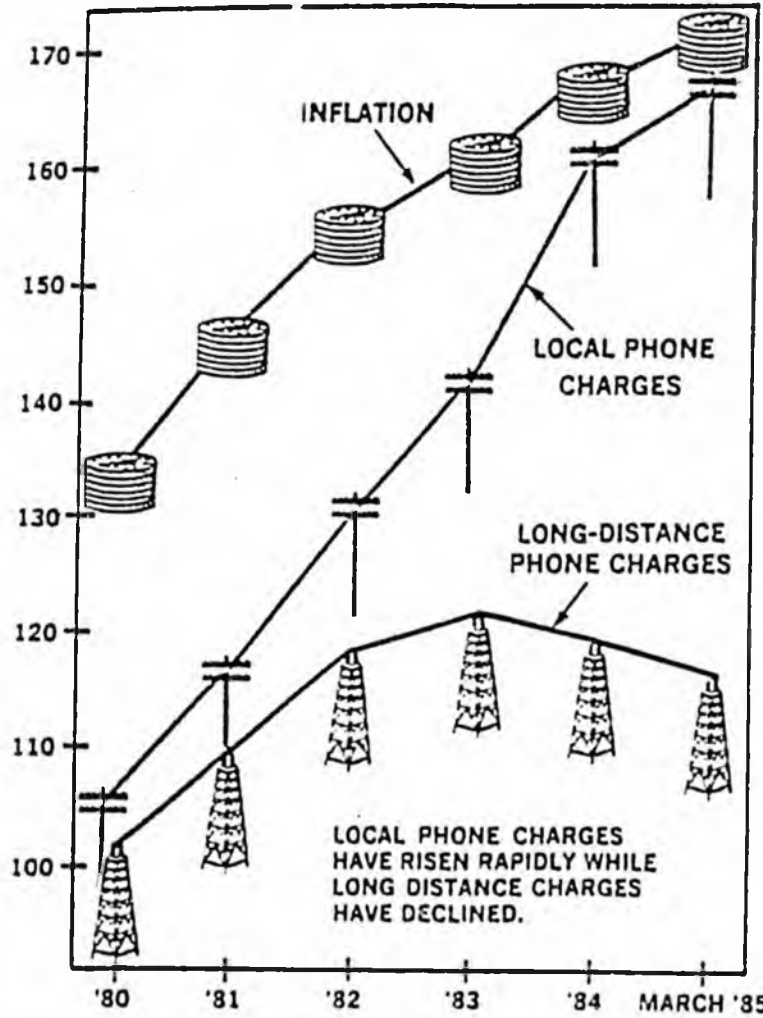
POSITIONS OF AFFECTED GROUPS

Both the Alaska Public Utilities Commission and the Alaska Telephone Association support this bill.

*Back-up CS HB 23
RB*

CONSUMER COSTS FOR PHONE SERVICE

BASED ON CONSUMER PRICE INDEX 1977=100



LOCAL PHONE CHARGES
HAVE RISEN RAPIDLY WHILE
LONG DISTANCE CHARGES
HAVE DECLINED.

SOURCE Bureau of Labor Statistics

BY JO ELLEN MURPHY FOR THE WASHINGTON POST

Original sponsor: Boucher

1 IN THE HOUSE BY THE HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATIONS

2 CS FOR HOUSE BILL NO. 23 (Telecommunications)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to reduced rates and discounted
7 service for low-income telecommunication customers."

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

9 * Section 1. AS 42.05.301 is amended by adding a new subsection to
10 read:

11 (b) Notwithstanding (a) of this section, a public utility may
12 propose a discounted service or a reduced rate for essential telecom-
13 munication services for the benefit of its low-income customers. The
14 commission may not require a utility to provide a discounted service
15 or reduced rate under this subsection. The commission may not require
16 a telephone utility to incur uncompensated costs or administrative
17 burdens that are not recoverable through an approved tariff if the
18 utility provides a discounted service or reduced rate.

19 * Sec. 2. AS 42.05.391 is amended by adding a new subsection to read:

20 (e) Notwithstanding (a) of this section, a public utility may
21 propose a discounted service or a reduced rate for essential telecom-
22 munication services for the benefit of its low income customers. The
23 commission may not require a utility to provide a discounted service
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1 IN THE HOUSE

BY BOUCHER

2

HOUSE BILL NO. 23

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to reduced rates and discounted
7 service for low-income telecommunication customers."

7

8

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

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* Section 1. AS 42.05.301 is amended by adding a new subsection to
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10

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(b) Notwithstanding (a) of this section, a public utility may
12 initiate a discounted service or a reduced rate for essential telecom-
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16 a telephone utility to incur uncompensated costs or administrative
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21 initiate a discounted service or a reduced rate for essential telecom-
22 munication services for the benefit of its low-income customers. The
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CS HB 23

CHANGES MADE BY COMMITTEE SUBSTITUTE

The word, "initiate" in lines 12 and 21 of HB 23 was changed to "propose".

The effect is to prevent a telephone company from initiating a discounted service program without a review of the program by the Alaska Public Utilities Commission. A discounted service to some rate payers could result in an increase in rates to the other rate payers. A review by the APUC of a proposed discounted rate program will prevent unreasonable rate burdens being placed on telephone customers who do not receive the discounted rate.

HB 23: Telecommunications "Lifeline Services."

The Alaska Public Utilities Commission supports this bill with the following amendment: lines 12 and 21 change "initiate" to "propose."

The Commission believes that it should have the authority to review discounted rates and the recovery of those rates. The proposed change would clarify the Commission's authority to review utility proposals.

There is no fiscal impact associated with this bill.



J. Anthony Smith, Commissioner

DATE: March 9, 1987

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

116

REQUEST: _____

Bill Version: CSHB 23(Tele)
Publish Date: HOUSE 3/4/87

Revision Date: _____
Title: "An Act relating to reduced rates &
discounted service for low-income tele. customers"
Sponsor: _____
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska Public Utilities Commission
Components: _____

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	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T. S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 3/2/87
Agency: Commerce and Economic Development

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

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

REQUEST: _____

Bill Version: HB 23
Publish Date: _____

Revision Date: _____
Title: "An Act relating to reduced rates & discounted service for low-income tele. customers"
Sponsor: _____
Requestor: Becky Bear

Agency Affected: Dept. of Commerce & Econ. Dev.
BRU: Alaska PUBLIC UTILITIES COMMISSION
Components: _____

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	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
----------------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Although implementation of this proposed legislation could result in some new filings before this Commission, the number of proceedings should be fairly minimal and would not likely result in the need for additional fiscal resources.

Prepared by: T.S. Moninski, II, Executive Director Phone: 276-6222
Division: Alaska Public Utilities Commission Date: 2/26/87

Approved by Commissioner: [Signature] Date: 2/23/87
Agency: Commerce and Economic Development

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

HOUSE COMMITTEE REPORT

3/4

(5)

Date referred: 1/19/87

FURTHER REFERRALS:

Labor & Commerce

DATE: 2/26/87

The House Special Committee on Telecommunications Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CSNB 23(222) CS FOR HOUSE BILL 23 TELE 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 TO PASS:

SIGNING OTHER RECOMMENDATIONS:

no rec

[Signature]
 Chairman's signature

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/4/87

FURTHER REFERRALS:

DATE: 3/10/87

The Labor & Commerce Committee has considered HB 23

"An Act relating to reduced rates and discounted service for low-income telecommunications customers."

RECOMMENDS:

- replace with CS HB 23 (TELECOMMUNICATIONS) 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:

Dave Donley

Al Elliott

Scott M. ...

Cliff ...

Ed ...

SIGNING OTHER RECOMMENDATIONS:

Walt ...

Dave Donley
Chairman's signature

RESEARCH QUESTIONS and ANSWERS

HB 23

QUESTION: How do other states handle the "lifeline" issue, and how do they pay for the subsidized low-income service?

ANSWER: Approximately 11 states currently have some type of "life-line" or low income telephone user legislation. The program is usually tied into a social service program (i.e., elderly, food stamps, disabled, etc.). The amount of the subsidy is usually in the two dollar to ten dollar range per person per month.

Some of the programs are tied into the Federal lifeline program whereby states with approved lifeline programs are forgiven up to \$1 of the current \$2 subscriber line access fee charges by the FCC. The state is then responsible for the remaining \$1. Some states have used the Federal lifeline program exclusively while others have used this and some form of taxation to recover the remaining dollar.

Another approach taken by some states is to allow low income customers the ability to spread out over several months the telephone installation charges.

Alaska Telephone Association

201 E. 56th Avenue / Suite 230
Anchorage, Alaska 99518
(907) 563-4000

W. D. Pyron
President

Ted Lehne
Executive Director

14 December 1987

Senator Tim Kelly, Chairman
Senate Labor & Commerce Committee
PO Box 21-0001
Anchorage, AK 99521

Dear Senator Kelly:

Thank you for spending time with Sharon Macklin and me on November 18 to discuss CSHB 23 on reduced rates and discounted service for low income telecommunications customers.

At that meeting you expressed concern that telephone companies would use adoption of the bill as a method of offering discounted service to low income customers who do not really need it, and suggested we offer an amendment. I have attached a copy of the bill and suggest that the words "who qualify for federal or state administered means-test social services assistance programs." be added in each of the appropriate places.

These qualifying words first preclude local, or Native corporation designed social service programs. Second they limit to means-test programs. Third they specify social service assistance programs.

The alternative to this is to list qualifying programs, such as SSI, AFDC, food stamps, etc. But in a diverse state like Alaska this could broaden the program. For example, I have attached a copy of the ordinance adopted by the City of Fairbanks City Council which established their program. They are not economically regulated by the APUC.

Their program offers assistance to those receiving SSI and AFDC. If the state statute included food stamps, it would be difficult for that community to exclude food stamp recipients. By the general language I have proposed, public utilities are free to limit the program in their area, if that is what they desire.

I have also enclosed the latest bulletin from the FCC and consumer groups on Lifeline service and the new "Link Up America."

As we explained, this new program is a substantial national effort, paid for out of a pool of money from long distance calls. A very small percentage of each long distance call goes into this pool, whether the state participates in the Link Up program or not.

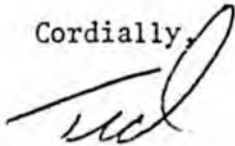
It is unlikely there will be much interest in this program in the rural villages since people can summon aid without a phone, and costs are already high. The real benefit will be in areas surrounding major communities where people often live some distance from their neighbor and need the phone to summon help in an emergency.

Since the affect of implementing such a program is to provide incremental income to local companies, it is unlikely to result in rate increases. I have seen no evidence from other states that have implemented these discounted programs that they have caused rate increases for other customers.

We would not be in favor of a bill that would mandate companies to offer reduced rate services. But we do believe in local option, and therefore support the legislation offered by the House Special Committee on Telecommunications.

If we can provide you with additional information, please let me know. It was good to see you again. Best wishes for the holidays.

Cordially,



Ted Lehne
Executive Director

cc: Sharon Macklin
Rep. Red Boucher

Introduced by: Deputy City Manager -
Utilities
First Reading: April 6, 1987

ORDINANCE NO. 4625, As Amended

AN ORDINANCE TO AMEND FGC 12.119.1.4,
LIFELINE TELEPHONE SERVICE, BY DELETING
THE RESTRICTION ON LIFELINE TELEPHONE
CUSTOMERS LOCAL CALLS; AND SETTING AN
EFFECTIVE DATE.

WHEREAS, Ordinance No. 4457 was adopted August 5, 1985, and enacted FGC 12.119.1.3, Lifeline telephone service; and

WHEREAS, Section 2 of this ordinance states that it would become effective as soon as the general manager certified that he had the equipment to implement such service; and

WHEREAS, it was anticipated that the new digital switch would make it easy to limit individual customers to making calls to a limited number of preselected local numbers; however, this can be done only by tying up a substantial capacity of the switch and at considerable effort; and

WHEREAS, there are approximately 400 recipients of SSI in the Fairbanks area and it is desired that this service be provided to them without restrictions on the local calls they may make; and

WHEREAS, there are approximately 260 households who qualify for aid to families with dependent children, and it is also desired that this service be provided to them.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. That FGC Chapter 12, Utilities, Article J, General Provisions; Rates, Sec. 12.119.1.4, Lifeline telephone service, be amended as follows:

Sec. 12.119.1.4. Lifeline telephone service.

(a) Telephone customers who furnish verification from the Social Security Administration that they are recipients of supplemental security income (SSI) or who furnish verification from the Alaska Department of Health and Social Services that they are recipients of payments for Aid to Families with Dependent Children (AFDC) are entitled to a lifeline telephone rate.

(b) The lifeline telephone rate will be one-half (1/2) the regular residential telephone tariff rate for basic telephone service. Lifeline customers will pay the same charges as others for all other services, including but not limited to installation, repair, toll calls, etc.

[(C) LIFELINE TELEPHONE CUSTOMERS WILL BE LIMITED TO MAKING OUTGOING CALLS TO FIVE (5) PRESELECTED LOCAL NUMBERS, ONE (1) OF WHICH SHALL BE THE EMERGENCY NUMBER AND FOUR (4) ADDITIONAL LOCAL NUMBERS THEY MAY SELECT, AND MAY RECEIVE UNLIMITED INCOMING CALLS.]

(c) [(D)] Applicants for lifeline service must furnish verification from the Social Security Administration that they are receiving supplemental security income (SSI) or the Alaska Department of Health and Social Services of payments for Aid to Families with Dependent Children (AFDC). Once a year they [AND] must furnish reverification from the Social Security Administration that they continue to receive SSI or from the Alaska Department of Health and Social Services that they continue to receive payments for AFDC [ONCE A YEAR]. The burden will be upon the applicant to secure such verification. Twelve (12) months after the last verification, the applicant will be charged the full regular telephone rate unless and until such verification is furnished to FMUS.

(d) [(E)] Applicants will be limited to those people receiving supplemental security income (SSI) or AFDC who are heads of household in which they reside. Recipients of supplemental security income (SSI) or AFDC who reside in a

household with adults (other than a spouse) who are not entitled to SSI or AFDC are not eligible for lifeline telephone service.

SECTION 2. That the effective date of this ordinance shall be the 9th day of May, 1987.

BILL WALLEY, Mayor

ADOPTED:

ATTEST:

CARMA B. ROBERSON, City Clerk

LIFELINE TELEPHONE SERVICE

The City of Fairbanks dba Municipal Utilities System, has passed an amended Ordinance 4457 effective April 25, 1987.

The purpose of the amendment is to allow persons receiving Supplemental Security Income (SSI) or aid to Families with Dependant Children (FDC), the availability of telephone service at a reduced basic rate.

REQUIREMENTS FOR LTS:

Verification from the Social Security Administration or the Public Assistance Office of eligibility will be furnished to FMUS by the customer. The customer must immediately notify FMUS if the customer is later determined not eligible for either of these programs.

1. Applicants will be limited to those people who are heads of household in which they primarily reside.
2. The lifeline telephone rate will be one-half (1/2) the regular residential telephone rate for basic telephone service. Lifeline customers will pay the same charges as others for all other services, including but not limited to installation, repair, toll calls, etc.
3. The applicant will have the standard denied toll calling in conjunction with the reduced rate and deposit.
4. If the applicant chooses the option of unrestricted long distance calling, the applicant will be required to pay the full deposit charge.
5. The applicant is responsible for furnishing verification, and reverification every 12 months from the agency that qualified the applicant for Lifeline Telephone Services.
6. On the billing cycle that includes the anniversary date of the customer's Lifeline Telephone Service, the customer will be charged the full rate unless verification has been furnished.

FOR INFORMATION CALL 456-1010.

lifeline/bjr/a



Quarterly Update

Vol. 1, No. 1

• A Telephone Service Assistance Program •

December, 1987

Link Up America Begins Providing Telephone Service Assistance to Low Income Americans

Link Up America is a new telephone service assistance program directed to low income households currently without telephones. The program is sponsored by the Federal Communications Commission in cooperation with the United States Telephone Association, the Consumer Federation of America, and state regulators.

The Link Up America program was initiated to address the specific concern that not all Americans can afford the connection and installation charges required to obtain access to the telephone network.

Recommended by the Federal-State Joint Board, the program was adopted by the FCC on April 16, 1987. Link Up America was officially introduced at a teleconference on October 6, 1987 in Washington, D.C. (see separate article).

To qualify for Link Up America services, an individual:

- Must not have had telephone service in his or her home for the last three months;
- Is not claimed as a dependent for federal income tax purposes, unless the person is over 60 years old;
- Has not received telephone connection assistance within the last two years; and
- Meets local income and eligibility requirements determined by each state.

Link Up America is designed

as a national consumer education and outreach program. Therefore, its success on the state and local level requires the cooperative efforts of local telephone companies, consumer and community organizations, and state regulators and legislators. Together, these groups are organizing local coalitions to reach the program's target audiences.

Because of the make-up of the target audience, many of whom cannot be reached through conventional channels of mass communication, much of the Link Up effort will focus on working with people on the local level on a one-on-one basis. Outreach efforts also include written materials and radio and television public service announcements.

Local organizers, supported by the national sponsors, are developing state-specific plans to ensure grass roots success.

Pilot programs have been established in Arkansas, the District of Columbia, Texas and West Virginia (see separate reports). These pilot programs do not, however, preclude any state or telephone company outside the study areas from offering Link Up America assistance now. In fact, eleven additional states have already received FCC certification.

As part of the initial outreach effort, support materials written and developed in Washington, D.C., have been made available to the Link Up coalitions in the pilot areas. Community organ-

Continued on Page 2



Luverne McClinton, secretary of the St. Francis Housing Authority (Forrest City, Arkansas), explains the Link Up America program to Carol Bishop.

An Open Letter from the FCC

On behalf of the Federal Communications Commission, I applaud the efforts of all those involved in implementing the Link Up America telephone service assistance program. A great deal of work has been accomplished since the program's kick off on October 6th. People are involved, and most importantly, our commitment to universal service has been reaffirmed, as we strive to provide telephone service to those low income households currently not on the telephone network.

The main objective of this program is to make telephone service more affordable for low income individuals presently without phones. To achieve this goal, Link Up America will pay for one half of the installation and connection charges, or an amount up to \$30. In addition, telephone companies are encouraged to offer interest-free deferred payment schedules on the remaining balance, and where appropriate, to reduce or waive any deposit that may be required.

We estimate the number of low income households that are potentially eligible for Link Up America services to be approxi-



Dennis Patrick

mately five million nationwide. In general, those individuals who do not have telephone service and qualify for social services assistance programs are eligible for the Link Up America program.

In an effort to test implementation and communication methodologies, pilot programs have been established in Arkansas, the District of Columbia, Texas and West Virginia. Link Up America coordinators in these areas have brought together coalitions of local telephone companies, state regulators and legislators, civic organizations, and consumer and religious groups to pool their

resources and outreach efforts in order to contact the program's target audience. The level of involvement and commitment in this regard has been overwhelming, as you will see in this quarterly report.

Link Up America supporters have been distributing flyers, tacking up posters, preparing mass mailings, and manning information hotlines in a grass roots effort to spread the word about the program's availability. Those out in the field are relying on one-on-one contact to inform the low income households of the program.

These pilot programs are good examples of what can be accomplished when government, industry, and citizen groups work together.

Including the pilot programs, 14 states and the District of Columbia have now adopted Link Up America, and it is anticipated that by year-end, many more will have joined in the national campaign. To date, the states that have been certified include: Alabama, Arkansas, Colorado, Connecticut, Maine, Maryland, Montana, New Jersey, New York, North Carolina, Rhode Island, Texas and West Virginia.

To ensure the continued success of the Link Up America program, ongoing commitment to our grass roots efforts is essential. I call upon everyone involved with this program to carry on—to maintain the current momentum—to make certain that all eligible Americans are given the opportunity to "link up" to the telecommunications network.

A handwritten signature in cursive script that reads "Dennis Patrick".

Dennis Patrick
Chairman, FCC

Link Up Begins

Continued from Page 1

izers are encouraged to tailor the information materials to fit their specific needs.

During the first six months of implementation, the activities in these pilot areas are being monitored monthly. The Link Up coalitions will provide written reports on the progress of their programs.

At the end of the six months, the program will be rolled out nationwide and monitored on a

quarterly basis. A summary of the pilot areas' data will be distributed to assist other states in implementing their own program.

Local coalition efforts in the pilot areas have been promising. The word is getting out, and low income Americans are being connected to the telephone network.

Link Up America will offer eligible Americans the opportunity to participate in and enjoy the benefits of the information age—through the telephone.

Teleconference Oct. 6 Kicks Off New Telephone Assistance Program

The Link Up America program was officially kicked off at a teleconference held in Washington, D.C. on October 6. In attendance were representatives from the federal, legislative and regulatory arenas, as well as telephone industry and consumer representatives. Collectively and individually, all endorsed and voiced their support for this new telephone service assistance program.

The Link Up America program will only be as successful as the organizations that support it. As evidenced by the statements made at the teleconference, the program received a most promising send off.

In introducing the program, Federal Communications Commission Chairman Dennis Patrick stated, "The kick off of 'Link Up America' begins a major effort by the FCC, state and local officials,



Speakers at the Link Up America kick off Oct. 6 (left to right): Marion Barry, Edward Burke, Virginia Knauer, John Sodolski (speaking), Dennis Patrick (behind podium), Mickey Leland, Phillip Campbell, Edward Whitacre, and Stephen Brobeck.

telephone companies, and consumer groups to reach low-income individuals currently without telephone service, and to connect them to our telecommunications network."

Representing the local telephone industry, John Sodolski, president of the United States Telephone Association em-

phasized, "The industry is committed to this program and is ready to face the challenges it presents head-on."

In addition to Sodolski, telephone companies in the pilot program areas were represented by Phil Campbell, president of Bell Atlantic and Ed Whitacre, vice chairman and chief financial officer of Southwestern Bell.

"On behalf of the Bell Atlantic companies, we are fully committed to the program from top to bottom," said Campbell. "You may be sure we will do everything we can see to it that its benefits are made available to everyone qualified to receive them."

Said Whitacre, "We look forward to the challenge of reaching out to the potential Link Up subscribers in our service areas. I am confident Southwestern Bell has the kind of people who--along with state officials, local consumer representatives, and independent telephone companies--will produce an implementation plan the rest of the country can follow."

To lend support from the consumer sector were Steve Brobeck, executive director of the Consumer Federation of America and Virginia Knauer, special adviser

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Congressional Involvement Growing In Link Up Program

In support of Link Up America, members of Congress are being asked to appear in 30 second public service announcements (PSAs). Through these spots, congressmen can inform their constituents, who may be eligible for the program, how to procure Link Up services in their area.

Congressmen are also being asked to distribute Link Up America brochures through their Washington or district offices.

The PSAs, to be broadcast on local television stations, will be accompanied by returnable monitoring cards in order to record the number of times the spots are shown. The goal of the Congressional PSA portion of Link Up America is to have all congressmen produce a PSA for viewing in his/her local area.

Members who have completed PSAs for the pilot sites--Arkansas, Texas, West Virginia, and the District of Columbia--include:

Rep. Joe Barton (R-TX)
Rep. Mickey Leland (D-TX)
Rep. Alan Mollohan (D-WV)
Rep. Nick Joe Rahall (D-WV)
Sen. Jay Rockefeller (D-WV)
Rep. Tommy Robinson (D-AR)
Rep. Harley Staggers (D-WV)
Rep. Bob Wise (D-WV)

The remaining congressmen in the pilot areas have been contacted and are in the process of scheduling time to record their PSA.

The Congressional PSA Program is a vital element of Link Up America's grass roots efforts to get the word out to eligible Link Up subscribers.

Arkansas



"Link Up Arkansas" volunteers gather on the steps of the Pulaski County Courthouse for instructions before delivering Link Up materials.

Teleconference

Continued from Page 3

to the President of the United States for Consumer Affairs.

Brobeck emphasized the importance of face-to-face communication by coalitions made up of community leaders and social service workers. Knauer gave the endorsement of the White House to the Link Up program, and also encouraged the establishment of local coalitions.

Speaking on behalf of the state of Texas (one of the four pilot areas) while also stressing the involvement of congressmen in the program, was Rep. Mickey Leland (D-TX). "I am pleased to see that 'Link Up America' will be a cooperative effort—involving consumer and community organizations, state and federal legislators and regulators, and the local telephone industry."

Ed Burke, chairman of the Rhode Island Public Utilities Commission and member of the Federal-State Joint Board stated that, while this is a national program, the key to its success rests on the involvement put

forth at the state level.

Presenting a local perspective was Marion Barry, Mayor of Washington, D.C. (also one of four pilot areas). Barry felt it was appropriate the Link Up America program would begin, in part, in the nation's capital.

Speaking via satellite from two of the other pilot areas were Arch Moore, Governor of West Virginia, and Bill Clinton, Governor of Arkansas. As with Washington, D.C., television, print and radio reporters were able to participate in a live question and answer period through the satellite hookup.

The enthusiasm and commitment demonstrated at the teleconference have grown and become more concrete as the program continues to roll out. The list of participating organizations is increasing almost daily (see back page). With organizations like these forming the backbone of the program, there is every indication Link Up America will be successful in hooking up many eligible Americans who currently are without telephone service.

Link Up information "blitz" spans 75 counties.

Arkansas' Link Up America effort got underway on Saturday, October 31, with a flourish and a considerable amount of hard work. Volunteers went on a 75-county "blitz" spreading the word on Link Up America—everywhere from government offices to laundromats.

In Pulaski County, the most populous in the state and also the site of the capital city, workers attended a rally on the courthouse steps before distributing the materials.

As final instructions were given, posters and brochures were divvied up among the volunteer groups as local reporters and photographers looked on. Because of all the red markers that began appearing on the large highway maps as workers plotted their distribution points, one amused spectator asked, "Are these guys planning a revolution or something?"

About 400 volunteers drove nearly 8,000 miles throughout the state during the weekend, to get the materials into place at 1,500 locations.

Most telephone company business offices and government agencies had already received their supplies in the mail. In all, more than 3,000 posters and 50,000 brochures were in place on November 2, the official starting date for "Link Up Arkansas."

Volunteers from telephone companies (many of them members of community relations teams), the Arkansas Telephone Association and human services agencies, worked with community organizations such as the Arkansas Community Organizations for Reform Now (ACORN), senior citizens' groups, the NAACP, church groups and ministerial alliances.

Continued on Next Page

Arkansas

These groups worked together, driving to grocery stores, banks, restaurants, churches, community centers and other locations selected as delivery sites by county coordinators. City and county officials, nutritionists, social workers and members of local economic development groups also assisted.

Apparently, they had chosen their locations well. Calls began in earnest at telephone company business offices all over the state the following Monday. One east Arkansas business office had to stay open until 8:00 p.m. the first night to handle all the Link Up America telephone calls.

Many people simply were curious about the program, but an encouraging number turned out to be eligible for assistance.

By the end of the first two weeks (November 13), eight telephone companies had reported to the Arkansas Telephone Association a total of 2,357 business office inquiries with 494 customers undertaking the certification process.

Southwestern Bell, the state's largest single telephone company, had received 2,000 inquiries, 800 of those were sent certification cards.

News coverage of the operation was favorable and widespread. County coordinators tracked more than 70 newspaper articles and radio and television reports about the Link Up effort so far. Radio stations have also begun using public service announcements.

In the words of one volunteer, "If this doesn't work, it sure won't be from lack of effort."

"Link Up Arkansas" is officially sponsored by a coalition made up of the Arkansas Telephone Association, ACORN and the state Attorney General's Office. Although not formally a part of

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Texas

Thirty-seven consumer and social service organizations meet to discuss Link Up efforts.

The largest telephone company in Texas, Southwestern Bell officially launched its Link Up America program with an Information Coalition session on November 13 in Austin. Thirty-seven state consumer and social service organizations met to map out implementation strategies for Link Up America in Texas. Their program went into effect on November 15.



William Free (left), vice president-revenues and public affairs for Southwestern Bell and Dennis Thomas (right), chairman of the Texas Public Utility Commission address local specifics during the Link Up America press conference.

An estimated 233,500 households, or nearly four percent of all Texas households, do not have telephone service. The attendees shared their ideas on how to reach the 180,000 of those low-income persons without telephone service who reside in Southwestern Bell territory. A seven-minute video outlining the Link Up America program was shown, and each participant received a packet of material to be used in his or her outreach efforts.

The groups that form the Texas Link Up America program include: Texas' Department of Human Services, Agricultural Extension Service, the Employment

Commission, the Department on Aging, the United Way of Texas, the Texas Senior Citizens Association, the Gray Panthers, the Coalition of Texans with Disabilities, and the Governor's Committee for Disabled Persons.

The following are some of the points that were discussed in the meeting:

-The American Association of Retired Persons (AARP) will begin a program to collect old phones from fellow Texans, as well as encourage their local chapters to raise money to buy phones to donate. In addition, each AARP member will be asked to identify five to ten people who may be in need of Link Up assistance.

-The Texas Department on Aging will educate their members about the availability of Link Up services through the department's publications, as well as work with the Texas Association for Information Referral's 927 senior citizen and nutrition centers.

Participants in other programs will also be called upon to spread the word about Link Up America, including providers of home delivered meals and meter readers, who participate in the gatekeeper program.

-The Texas Department of Human Services will provide Link Up America bill inserts to recipients of Aid to Families with Dependent Children (AFDC) and Food Stamps. A Link Up America presentation will be made at the Department's next board meeting, and an information letter on the program will be sent to all Department of Human Services staff in the 350 local offices throughout the state.

-The United Way of Texas indicated they would be putting Link Up America information in their newsletter. Bill Link, executive

Continued on Page 7

Washington, D.C.

D.C. program to work through community and civic organizations.

In the District of Columbia, C&P Telephone Company and Bell Atlantic have embarked on an aggressive program to reach potential Link Up America subscribers. The D.C. program is focusing on working through local community and civic organizations.

C&P Telephone Company has six community relations teams that have distributed approximately 10,000 brochures, 5,000 fact sheets and 50 posters throughout Washington, D.C. In addition, bill inserts were mailed to all 400,000 C&P customers in the District.

Efforts to reach low income households in the District can be attributed to an active coalition, formed to assist and enhance C&P's outreach program. Members of the District of Columbia's Link Up America coalition include representatives from the Public Service Commission, Office of the People's Counsel, the D.C. Energy Office, the American Association of Retired Persons, the D.C. Office of Consumer and Regulatory Affairs, the Gordon Adult Education Center, the Center City Community Corporation and the D.C. State Council of Senior Citizens.

As a member of the coalition, the D.C. Energy Office has

already begun to identify qualified applicants by furnishing updated lists to the C&P business office once a week. Letters are then sent to these potential subscribers, notifying them they qualify for Link Up services.

Members of the coalition have also visited several lunch sites at churches and apartment complexes in conjunction with the Urban League Lunch Program. Brochures, fact sheets and posters were distributed and a question and answer period followed. Similar visits are planned at least three times a month.

Also, a C&P speakers bureau has scheduled Link Up America presentations at six churches and homes for the elderly.

The coalition has also identified a large Spanish population in the District that would qualify for Link Up America services. Brochures, fact sheets and posters have been translated into Spanish for distribution.

In addition to the activities mentioned above, C&P has identified many avenues that will be pursued in the near future to reach as many low income households as possible.

C&P is considering reviewing its own records of accounts that have been disconnected for at least three months for reasons such as "non-payment" and "cannot afford," to identify candidates. The company may also

review their records of recent new connect applications that were not installed because advance payments or deposits were not paid.

C&P is also considering distribution of information through the Urban League's Low Cost Meal Program and the similar "Meals on Wheels" program. Both deliver food to the needy throughout the city.

Cross checking the customers of D.C. Natural Gas, Pepco, and the water service with C&P records to identify households without telephones will also be looked into. Once the list is compiled, an effective means of marketing Link Up America to these people will be developed. C&P will also consider a mailing or visitation program to reach all citizens who qualify for energy assistance, and are shown as having no telephone service.

Other organizations to be contacted for assistance are: the United Way, the D.C. Unemployment Agency, the Advisory Neighborhood Commissioners and District of Columbia Council Members.

Information for this article was provided by Veronica R. Brown, staff manager for C&P Telephone.

Link Up Quarterly

This publication is produced quarterly on behalf of the national sponsors of the Link Up America Telephone Assistance Program. The Federal Communications Commission, the United States Telephone Association, and the Consumer Federation of America organizational contacts are:

John Kamp, FCC
202/632-5050

Patti Grace Smith, FCC
202/632-7260

Steve Brobeck, CFA
202/387-6121

Kathy Baumann, USTA
202/835-3157

Paul Rogoski, USTA
202/835-3158



The C&P Speakers Bureau has six presentations on the Link Up program scheduled in sites throughout Washington, D.C.

West Virginia

Direct mail campaign reaches 90,000 low income West Virginians.

From mid-October through the end of November, 90,000 low income people in West Virginia learned about Link Up America through a direct mail program. The West Virginia Department of Human Services, a member of the state's Link Up America coalition, mailed applications to public assistance and Food Stamp recipients in the state.

"The direct mail program has already produced results," said Roberta Fowlkes, C&P Telephone Company consumer affairs manager and Link Up America coordinator for West Virginia. "In October, more than 700 applications were received in business offices of the ten telephone companies serving the state," she said.

The West Virginia Commission on Aging, another member of the coalition, also launched a statewide campaign. Outreach workers with the Area Agencies on Aging in each of 55 counties, have received packets of informa-

Texas

Continued from Page 5

vice president of the United Way of Texas, would also be sending a letter to all state chapters.

In addition to Southwestern Bell, General Telephone of Texas is also participating in Link Up America, and United Telephone indicated it will become a participant in early 1988.

A special group of service representatives from Southwestern Bell is in charge of handling the Link Up America inquiries in Texas. Customers can apply for Link Up America services by calling 1/800-832-LINK.

Information for this article was provided by Debra Hollingsworth, area manager-community relations for Southwestern Bell.



Irene Ryan of Charleston, West Virginia, places a Link Up America poster in the Senior Nutrition Site at Career Career Center.

tion on the program to assist in educating clients about Link Up benefits.

Outreach workers will assist applicants directly, by certifying eligibility for the Department of Human Services. This certification procedure is important, since West Virginia's eligibility requirements include low income people who do not currently receive any assistance. These outreach workers can identify eligible candidates not known by Human Services.

"These two state agencies have taken active measures to help eligible people learn about the program," Fowlkes said. "We feel with these combined efforts, we are reaching the large majority of eligible people very early in the trial period."

In December, more than 4,000 people who receive home delivered meals will also get a flyer on Link Up America, with instructions to talk with their outreach worker about the program.

Other members of the coalition are also doing their part. Many have included information in their publications, spreading the word throughout their organizations and membership.

General Telephone Company held Link Up America activities in two cities this past November.

Sandra Walls, public affairs manager, was in Romney, West Virginia on Tuesday, November 10, and in Charlestown Wednesday, November 11, to provide information to the public.

In addition to the Department of Human Services, the Commission on Aging and the telephone companies, the coalition includes local chapters of the National Council of Jewish Women, the National Association of Social Workers, the West Virginia Coalition on Legislation for the Elderly, the West Virginia Public Service Commission, the office of the Consumer Action Against Poverty, the League of Women Voters, and the Council of the Southern Mountains.

The next step in West Virginia's plan is to deliver public service announcements, recently videotaped by the state's congressional representatives in Washington, D.C., to television stations in the state. So far, announcements have been completed by Representatives Mollohan, Rahall and Wise and by Senator Rockefeller. In addition, all the congressional offices will distribute information on the program (see separate article).

Information for this article was provided by Roberta P. Fowlkes, staff manager-employee information/consumer affairs for C&P Telephone of West Virginia.



Participating Organizations

American Association of Retired Persons
 American Gas Association
 Area Agencies on Aging
 Arkansas Attorney General's Office
 Arkansas Community Organizations for Reform Now
 Arkansas Public Service Commission
 Arkansas Telephone Association
 Center City Community Corporation
 Coalition of Texans with Disabilities
 Consumer Federation of America
 Council of the Southern Mountains

Arkansas

Continued from Page 5

the sponsoring coalition, the state Public Service Commission has given its endorsement by approving the tariff filings for each of the 28 telephone companies in the state.

Information for this article was provided by Greg Russell, secretary to the district staff manager-news relations for Southwestern Bell.

D.C. Energy Office
 D.C. Office of Consumer and Regulatory Affairs
 D.C. Office of People's Counsel
 D.C. Public Service Commission
 D.C. State Council of Senior Citizens
 Federal Communications Commission
 Food Bank Network
 Gordon Adult Education Center
 Governor's Committee for Disabled Persons (Texas)
 Gray Panthers
 League of Women Voters
 NAACP
 National Association of Broadcasters
 National Association of Regulatory Utility Commissioners
 National Association of Social Workers
 National Council of Jewish Women
 National League of Cities
 Office of the Consumer Advocate of West Virginia
 Retired Senior Volunteer Program

Southwest Arkansas Development Council
 Texas Agriculture Extension Service
 Texas Department on Aging
 Texas Department of Human Services
 Texas Employment Commission
 Texas Public Utility Commission
 Texas Senior Citizens Association
 United States Telephone Association
 United Way of Texas
 West Virginia Coalition on Legislation for the Elderly
 West Virginia Commission on Aging
 West Virginia Department of Human Services
 West Virginia Multi-County Community Action Against Poverty
 West Virginia Public Service Commission
 Young Women's Christian Association
 (As of November 30, 1987)



Quarterly

Update

FIRST CLASS MAIL
 U.S. POSTAGE
 PAID
 Merrifield, VA.
 Permit No. 405

NWSLTR

000001866 MBRLTB
 Mr. Ted Lehne
 Executive Director
 Alaska Telephone Association
 201 East 56th Avenue
 Suite 230
 Anchorage AK 99518

United States Telephone Association
900 19th Street, N.W., Suite 800
Washington, DC 20006-2102

H B

3 2

Utermohle
4/21/88Original sponsors: Larson, Menard
and Boyer

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

11 CHAPTER 40. HORSE RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

13 Sec. 05.40.010. ALASKA RACING COMMISSION. (a) The Alaska
14 Racing Commission is established in the Department of Commerce and
15 Economic Development. The commission is composed of five members
16 appointed by the governor. One member shall have experience in the
17 regulation, supervision, or conduct of parimutuel wagering or horse
18 racing; one member shall have experience in law enforcement; one
19 member shall have experience in bookkeeping or accounting; two members
20 shall be public members.21 (b) Each member of the commission shall at the time of the
22 member's appointment be a resident of the state.23 (c) A person may not serve as a member of the commission if that
24 person has been convicted of

25 (1) a felony; or

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

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

1 the investigation required under AS 18.65.080 is completed.

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

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

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

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

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

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

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

27 (1) adopt regulations concerning

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

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

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

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

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

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

17 (2) regulate and supervise all horse races;

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

19 (4) establish racing dates and durations;

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

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

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

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

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

1 (b) The commission may

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

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

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

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

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

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

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

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

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

23 ARTICLE 2. RACE MEETS.

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

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

1 meet.

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

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

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

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

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

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

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

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

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

1 race meet;

2 (3) 10 percent as purse money; and

3 (4) 10 percent to the commission.

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

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

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

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

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

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

27 ARTICLE 3. GENERAL PROVISIONS.

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

1 (AS 44.62).

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

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

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

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

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

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

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

19 Sec. 05.40.990. DEFINITIONS. In this chapter

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (21) employees of the Alaska Racing Commission.

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

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

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

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

4 * Sec. 6. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
5 initial appointment of members of the Alaska Racing Commission within 120
6 days after the effective date of this Act.
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DUNA IN CS
1) 18-7 21 VAS (P-7 LIL)
2) OVERSIGHT IN SENATE (P-4, 131)
3) ...
4) ...

② FED TAX OFF TOP
15%

5-0175P ✓
Utermohle
4/19/88

Original sponsors: Larson, Menard
and Boyer

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

11 CHAPTER 40. HORSE RACING AND TEAM DOG RACING.

12 ARTICLE 1. ALASKA RACING COMISSION.

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

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

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

25 (1) a felony; or

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

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

1 the investigation required under AS 18.65.080 is completed.

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

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

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

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

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

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

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

27 (1) adopt regulations concerning

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

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

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

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

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

11 (F) veterinary standards for race meets;

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

14 (H) auditing procedures; and

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

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

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

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

23 (5) establish racing dates and durations;

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

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

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

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

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

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

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

7 (b) The commission may

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

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

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

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

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

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

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

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

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

29 **ARTICLE 2. RACE MEETS.**

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

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

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

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

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

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

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

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

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

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

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

7 (3) 10 percent as purse money; and

8 (4) 10 percent to the commission.

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

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

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

20 (b) The race meet operator shall report to the commission within
21 30 days after the end of the race meet on the operation and proceeds
22 of concessions at the site of the race meet.

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

28 (b) A person who is not a member of the commission or an em-
29 ployee of the commission does not receive a salary but is entitled to

1 per diem and travel expenses, for each day the person is engaged in
2 the actual performance of duties as a race meet observer.

3 ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

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

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

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

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

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

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

21 ARTICLE 4. GENERAL PROVISIONS.

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

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

27 Sec. 05.40.990. DEFINITIONS. In this chapter

28 (1) "breakage" means the odd cents by which the amount
29 payable on each dollar wagered exceeds a multiple of 10 cents;

1 breakage may not exceed 20 percent of the total amount deposited in
2 the pool;

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

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

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

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

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

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

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

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

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

29 (b) The Department of Public Safety shall investigate and

1 ascertain whether the following persons have been convicted of a crime
2 set out in AS 05.40.010(c)

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

5 (2) an applicant for employment with the Alaska Racing
6 Commission;

7 (3) an applicant to serve as a race official or race meet
8 observer;

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

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

12 (21) employees of the Alaska Racing Commission.

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

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

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

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

17 * Sec. 6. INITIAL COMMISSION APPOINTMENTS. The governor shall make the
18 initial appointment of members of the Alaska Racing Commission within 120
19 days after the effective date of this Act.
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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

No. 3

Bill Version: CSHB 32(F)
Publish Date: HOUSE 5/8

399

REQUEST

Bill/Resolution No.: CSHB 32 (FINANCE)
Title: An Act establishing the
Alaska Racing Commission & authorizing
parimutuel wagering
Sponsor: Larson and Menard
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES			11.3	43.5	64.3	
TRAVEL			6.6	10.2	13.8	
CONTRACTUAL			25.0	22.5	20.0	
SUPPLIES			2.5	2.5	2.5	
EQUIPMENT			0.0	5.0	0	
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING			54.4	84.7	100.6	

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

REVENUE			0	*a 96.3	*b 192.6	
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME			1	3	3	
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

*a one event [does not include
*b two events license or permit
fees or admission]

see attached

HPA

Prepared by: Al Adams, Chair Phone: 465-3706
Division: House Finance Committee Date: 5/7/87

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

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

50
Cameron
Barbara



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

No. 3
CSHB 32 (Fin)
5/8/87

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

CSHB 32 (Finance)

REVISED FISCAL NOTE

Worksheet

Assumes passage in second session and 7/1/88 effective date

Personal Services

FY 89	<u>11.3</u>	Office Manager	17A	PT	start 1/1/89
FY 90	<u>43.5</u>				
	28.4	Office Manager	17A	PT	start FT 4/1/90
	9.3	Revenue Auditor I	14A	(seasonal)	start 4/1/90
	5.8	Clerk Typist III	8A	PPT	start 1/1/90
FY 91	<u>64.3</u>	(first full year of operation)			
	34.0	Office Manager	FT(4/1 - 10/1)	PT(10/1 - 4/1)	
	18.7	Revenue Auditor I	(4/1 - 10/1)		
	11.6	CT III	PPT		

Travel

FY 89 Four commission meetings in Anchorage. No site inspections or events. Public Hearings by teleconference to coincide with commission meetings. Assume Office Manager in Anchorage, three commissioners from Anchorage, one Fairbanks, one Juneau

FAI/ANC	4 x 220	=	\$ 880
JNU/ANC	4 x 352	=	1408
per diem	4 x 5 x 2 x 80	=	3200
mileage			<u>500</u>
			\$ 5988

Misc. Office Manager travel

ANC/FAI	220
ANC/JNU	<u>352</u>
	572

FY 89 TOTAL \$ 6560

FY 90 Four commission meetings \$ 5988

One site inspection - manager and one commissioner

Airfare	600
per diem 2 x 2 x 80	<u>320</u>
	\$ 920

One event - six days (8 days) - manager and one commissioner

Airfare	600
per diem 2 x 4 x 80	1280
Compensation 8 x 100	<u>800</u>
	2680

Misc. Office Manager 572

FY 90 TOTAL \$ 10160

FY 91 Same as FY 90 (\$ 10,160) plus one additional site inspection (\$ 920) and one additional event (\$ 2680)

FY 90 TOTAL \$ 13760

CONTRACTUAL	FY 89	FY 90	FY 91
Rent	5400	5400	5400
Office equipment maintenance	600	600	600
Copying & Postage	8000	8000	8000
Phone	6000	6000	6000
Clerical	<u>5000</u>	<u>2250</u>	<u>0</u>
	\$ 25,000	22,500	20,000

EQUIPMENT

Phone	1000	1000	0
Computer	5000	5000	0
Office furniture	<u>3000</u>	<u>0</u>	<u>0</u>
	\$ 9000	6000	

SUPPLIES	\$ 2500	2500	2500
----------	---------	------	------

REVENUE ASSUMPTIONS

- FY 90
- one six day event
 - 34,400 players
 - Average Handle of \$963.2 based on average wager of \$28 (Montana's average)
 - A takeout of 35% with state share at 10% for state revenue of \$96.3 per event
- FY 91
- two events - \$ 192.6

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

201

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

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

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

1/2 manager
1/2 clerk

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

Position Title Clerk Typist III		No. of Positions 1	Range/Step 8/B	Barg. Unit GGU
Time Status PPT	Staff Months 6	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
1	2	3		
Salary	10.1	//////	This position will provide clerical support needed for investigative reports related to legalized parimutuel betting at dog and horse races.	
Benefits	3.2	//////		
Premium Pay		//////	This position will perform all general clerical work including filing, typing and general correspondence.	
Other		//////		
Other Personal Services	//////	13.3	Total costs include \$.4 contractual communication needs and \$.1 minimal office supply needs for this position.	
Travel				
Contractual		.4		
Commodities		.1		
Equipment				
Other				
Total Cost		13.8		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004		13.8	
I-A Receipts	1006			
CIP Receipts	1061			
Other				
//////				

Page 2 of 2

REQUEST FOR
NEW POSITION

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

Page 2 of 2
 Revised Date

FY 88

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

STATE OF ALASKA
THE LEGISLATURE

FOUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 9, 1988

SUBJECT: Section-by-section summary of
Senate CS CSHB 32(L&C)

TO: Representative Ron Larson

FROM: George Utermohle *GU*
Legislative Counsel

The following memorandum is the section-by-section summary of Senate CS CSHB 32(L&C) requested by John Bitney of your staff.

A section-by-section summary of a bill should not be considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill provides for the regulation of horse racing and team dog racing and parimutuel wagering.

ARTICLE 1. ALASKA RACING COMMISSION.

Sec. 05.40.010 establishes the Alaska Racing Commission in the Department of Commerce and Economic Development. The commission is composed of five members appointed by the governor. One member of the commission shall have experience in the regulation, supervision, or conduct of parimutuel wagering, horse racing, or team dog racing; one member shall have experience in law enforcement; one member shall have experience in bookkeeping or accounting; and two members shall be public members. Members of the commission must be residents of the state. A person may not serve on the commission if that person has been convicted of a felony or gambling offense. A person may not serve as a member of the commission until a background check is completed by the Department of Public Safety. The commission members elect the chairman. Three members of the commission constitute a quorum.

Representative Larson

Page 2

April 9, 1988

Sec. 05.40.020 sets the term of appointment to the commission at four years.

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 when the members are serving on the board.

Sec. 05.40.050 sets out the duties and powers of the commission. The commission shall adopt regulations concerning licenses and special permits 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 regulate 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 commerce and economic development and the legislature by April 15 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 race meet operators, appoint hearing officers, and impose, by regulation, an admission surcharge for races meets without regard to whether the race track charges admission.

Sec. 05.40.060 provides that the Attorney General will enforce the regulations of the commission.

Sec. 05.40.070 provides that the records of the commission are public.

Sec. 05.40.080 provides that money received by the commission shall be paid into the state's general fund.

ARTICLE 2. RACE MEETS.

Sec. 05.40.100 requires that a person conducting a race meet be licensed by the commission. A race meet operator's license is valid for three years unless revoked or suspended.

The race meet operator has the exclusive right to operate or contract for the operation of concessions at the site of the race meet. A person convicted of a felony or a gambling offense may not receive a license to conduct a race meet.

Sec. 05.04.110 provides that a person may not participate in a race meet as an animal owner, trainer, jockey, driver, attendant, groom, stable or kennel person, veterinarian, employee of the race meet operator, concessionaire, or concession employee without receiving a special permit issued by the commission. A special permit is valid for one year unless revoked or suspended. The commission may not issue a special permit until the Department of Public Safety completes a background investigation on the applicant. A person convicted of a felony or a gambling offense may not receive a special permit.

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 and the municipality, after holding a public hearing, approves issuance or renewal of the license.

Sec. 05.40.130 provides that the parimutuel pool shall be distributed 65 percent to the holders of winning tickets, 15 percent to the race meet operator, 10 percent as purse money, and 10 percent to the commission. The amount of the pool distributed to holders of winning tickets shall be at least 65 percent and may be increased by the commission if the commission finds that it is necessary to promote efficient and successful race meets. The commission may adjust the distribution of the remaining 35 percent of the pool among purse money, the race meet operator, and the commission as necessary. After six months, unclaimed winnings shall be paid to the commission for deposit into the general fund.

Sec. 05.40.140 provides that the race meet operator shall report to the commission within 30 days after each race on the distribution of the parimutuel pool. The race meet operator shall report to the commission on the operation and proceeds of concessions at the site of the race meet within 30 days after the end of the race meet.

Sec. 05.40.150 provides that the commission may appoint persons, including members of the commission, to serve as observers of race meets. An observer shall be present at

the site of a race meet on the day before, the day after, and during the race meet. An observer who is not a member or employee of the commission receives per diem and travel expenses for each day the person serves as a race meet observer.

ARTICLE 3. PROHIBITED ACTS AND PENALTIES.

Sec. 05.40.200 establishes 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.

ARTICLE 4. GENERAL PROVISIONS.

Sec. 05.40.900 provides that the commission is subject to the Administrative Procedure Act.

Sec. 05.40.910 provides that members of the commission are subject to the prohibitions against conflict of interest.

Sec. 05.40.990 establishes definitions for "breakage", "commission", "harness race", "horse race", "parimutuel", "race meet", "race meet operator", "special permit", and "team dog race".

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Representative Larson

Page 5

April 9, 1988

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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.

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.

Section 5 of the bill imposes a duty on the governor to appoint the initial members of the commission within 120 days after the effective date of this Act.

GU:mkr
116/b4

STATE OF ALASKA
THE LEGISLATURE

POORBY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 9, 1988

SUBJECT: Section-by-section summary of
Senate CS CSHB 32(L&C)

TO: Senator Tim Kelly

FROM: George Utermohle *GU*
Legislative Counsel

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Senator Kelly
Page 5
April 9, 1988

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GU:mkr
119/b4



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

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 1976 survey completed by the National Gambling Commission found that persons in the under \$5,000 family income category had the lowest level of participation in racetrack betting of any income category.

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
CN-TRACK BETTORS, 1974

	Percent who bet at	
	Horseraces	Dograces
Total Sample	14	4
Sex		
Men	10	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	\$396	\$577	\$294	\$436	\$513
Average annual bet per capita	\$16	\$46	\$44	\$99	\$61	\$88	\$78
Average annual takeout per capita (Takeout rate: 16.6%)	\$2.63	\$7.55	\$7.36	\$16.49	\$10.21	\$14.69	\$13.02
Residents of all States							
Percent of income bet at track in 1974 per capita	0.63	0.61	0.35	0.57	0.25	0.22	0.50
Percent of income taken out per capita	0.105	0.101	0.059	0.094	0.041	0.037	0.083
All types of gambling combined							
Percent of income bet in 1974 per capita	2.53	1.55	1.07	1.16	0.67	1.09	1.15
Percent of income taken out per capita	0.62	0.42	0.29	0.23	0.14	0.18	0.25

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

State Parimutuel Wagering Programs

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

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

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

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

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

The takeout for fair races in Oregon is 19 percent. ^(423,445) 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 remodeling 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
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Using the parimutuel handle figure from the Oregon State Fair, the parimutuel handle for 15,750 people attending the Alaska State Fair would be \$520,000. The takeout in Oregon is 19 percent, with eleven percent of the total takeout going to the State Fair. Eleven percent of the projected Alaska State Fair parimutuel handle is \$57,200. Thus, using the Oregon figures, \$57,200 could be expected as gross revenue from an Alaska State Fair parimutuel program.

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

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

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

* * *

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

PW

Attachments



Alaska State Legislature

Senator Mike Szymanski

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M E M O R A N D U M

To: Senator Tim Kelly, Chair
Senate Labor and Commerce Committee

From: Senator Mike Szymanski, Member *MS*
Senate Labor and Commerce Committee

Date: April 6, 1988

Subject: Scheduling of HB 32: Parimutuel Wagering

165 E. Parks Hwy.
Suite 104
Wasilla, AK 99687
(907) 376-MIKE

I understand that HB 32, "An Act establishing the Alaska Racing Commission and authorizing parimutuel wagering at sanctioned events," sponsored by Representative Larson, passed the House on May 9, 1987, and was referred to Senate State Affairs, HESS, Labor and Commerce, and Finance.

Having passed Senate State Affairs and HESS Committees, the bill is now in Senate Labor and Commerce. I would like to therefore formally request to you as chairman of Senate Labor and Commerce that you schedule a hearing on the bill at your earliest convenience.

This bill is an important piece of legislation for my constituents in particular and state citizenry in general. I have worked on this issue with constituents and with the legislative members from my district, and consider it important enough that I submitted a companion bill in the Senate, SB 63.

I would therefore greatly appreciate any and all efforts to move the bill through the Committee process. If you have any questions, please feel free to contact Roger Poppe of my office.

Senate District E

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