

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6231 SENATE COMMUNITY & REGIONAL AFFAIRS

635



RECEIVED  
MAR 19 1990

15 March 1990

Mr. John N. Hansen, Gaming Manager  
Department of Commerce & Economic Development  
Division of Occupational Licensing  
STATE OF ALASKA  
P. O. Box D-LIC  
Juneau, Alaska 99811-0800

RECEIVED

MAR 19 1990

Dear John:

Thanks for returning my phone call on 9 March. I appreciated your taking the time to discuss some of the issues facing the Games Advisory Group as well as non-profit organizations around the state.

You informed me via your correspondence of 14 February that I am a sub-committee of one to work on Article 7 - Other Games. You suggested I assemble a list and brief description of games for possible inclusion in the proposed gaming regulations. I have gathered this information from a number of organizations in the state. These games have been played in Alaska for many years, albeit illegally. The list is attached.

I think now is the perfect time to make the needed changes since these activities have now been placed under your jurisdiction. Hopefully this will make your job of regulating somewhat easier.

Should you have any questions in this regard, please don't hesitate to call me.

Sincerely,

Marsha M. Melton  
General Manager  
Member - Games Advisory Group

Enc. (3)

cc: Members of Alaska State House of Representatives  
Members of Alaska State Senate  
Members of Associated Alaskan Fairs  
Members of Games Advisory Group



# Alaska State Legislature

Please enter into the record my testimony to the S+C+R+A  
committee name

committee on Senate Res 17, dated 3-20-90  
bill/subject

Mr. Chairman: Please Read into the Record.

I Fully Support. SR. #17.

I would like you to pass this SR #17  
on to Judiciary Committee.

also I would like you to Support Senate Bill 311  
for we need a Gaming Commission in 1990

*Christy*

Signed: *[Signature]*  
Testifier

Alaska State Gaming Admin Group Member

Representing (Optional) Kodiak Kodiak State Fair Assn.

P.O. Box 2068, Kodiak AK  
Address

486-3859  
Phone No.

# Alaska State Legislature

SENATOR PAUL FISCHER, Chairman  
SENATOR JIM DUNCAN, Vice Chairman  
SENATOR AL ADAMS  
SENATOR LLOYD JONES  
SENATOR TIM KELLY



PO. BOX V  
ROOM 508  
STATE CAPITOL  
(907) 465-3762

## Senate Committee on Health, Education and Social Services

### MEMORANDUM

TO: SENATOR MIKE SZYMANSKI, CHAIRMAN, SENATE COMMUNITY  
AND REGIONAL AFFAIRS COMMITTEE.

FROM: SENATOR PAUL A. FISCHER *PAF*

RE: SENATE RESOLUTION 17

DATE: APRIL 4, 1990

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SENATE RESOLUTION 17 IS CURRENTLY IN THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE, AND HAS HAD 1 EXTENSIVE HEARING IN YOUR COMMITTEE. THIS RESOLUTION IS IMPORTANT TO A NUMBER OF MY CONSTITUENTS, AS WELL AS MANY INDIVIDUALS STATEWIDE. FOR THE SAKE OF SAVING TIME, I WOULD RESPECTFULLY REQUEST THAT YOU CONSIDER WAIVING THIS RESOLUTION FROM YOUR COMMITTEE.

THANK YOU.

*Mike - please call*

## GAMES OF SKILL AND CHANCE

**ADD DART:** The targets for the add dart game are poster sized signs covered with numbers inside one inch squares. The player throws three darts at the target accumulating the point value of the number hit. The object is to accumulate the proper number of points required to win.

**BALLOON STORE:** Balloons are hung on a target board in a grid. Players throw darts at the balloons. A player wins by popping the balloon with the dart.

**BASKET BALL:** Basket ball hoops are mounted on the wall of the game. Players shoot baskets to win.

**BAT-N-BALL (SKY BOWLER):** A bat is suspended from the ceiling of the game area so that it hangs over the game counter. A bowling pin or other similar target is stood up directly in line with the bat. The object of the game is to gently swing the bat so that it misses the pin as it passes forward and hits it coming back, knocking the pin over.

**BAZOOKA BALL:** A ping-pong ball is fired from a pneumatic gun at one of a variety of targets--tin cans, bull's eye targets, etc. When a player hits the target he wins the game.

**BEAN BAG TOSS:** A bean bag is thrown at several aluminum cans on a raised platform. To win a player must knock all the cans off the platform with the allotted number of bean bags.

**BOSSY BINGO:** An arena is marked off with squares and a cow walks around the area. Individuals pay for the squares and wherever the cow deposits its "pie" the owner of that square gets half the entry money. The Fair gets the other half. (Very similar to the Rat Race)

**BOTTLE BUST:** Player gets two balls. If he breaks two bottles he wins.

**BUSHEL BASKETS:** Wooden bushel baskets are nailed to an angled back board as a target. The player must toss a softball at the basket. If the ball stays in the basket the player wins. If the ball comes out of the basket the player loses.

**COKE BOTTLE TOSS:** Plastic rings are thrown at a table full of glass bottles packed closely together. A player who rings the top of the coke bottle with the ring wins.

**COKE ROLL:** Players roll softball at two glass bottles. The bottles are set at the end of a small alley with side boards that keep the softball on the alley. A player who knocks both bottles down wins the prize.

**CORK GUNS:** CO2 pistols are used to shoot corks at tin cans placed on shelving at the back of the playing area. Knocking the prescribed number or combination of cans off the shelf wins the game.

**COVER THE LIGHT:** Players drop three plastic discs, covering a larger white, backlit spot. Covering the white spot completely wins the game.

**DARTS:** A dart board and darts are used. Contest of skill is he who gets the most points wins.

**GOBLET GAME:** A table is packed with several different colors of goblets. The goblets are placed so that only small spaces exist between them. Players throw plastic whiffle balls at the different colored goblets. A prize is awarded by the color of the goblet that the ball lands in.

**GUN BALL:** Players shoot plastic baseballs from a spring loaded gun, knocking over plastic cups. Player wins by knocking plastic cups from the stand they are on.

**HOOP SHOOT:** Three basket balls, one hoop with backboard, and one retrieval net is the equipment needed. Player has three chances to throw the ball into the hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receives third-rate prize.

**MILK CAN:** An old fashioned milk can is the target. Players throw softballs trying to land one in the opening at the top of the upright milk can. Winning is accomplished by successfully getting a softball in the milk can.

**ONE BALL (MILK BOTTLES):** Players throw softballs at a pyramid shaped stack of three metal milk bottles. A player wins by knocking the bottles off the platform on which they rest.

**PENNY FALLS (BULL DOZERS):** Players shoot tokens through movable chutes, trying to displace other tokens through a return chute. Returned tokens are replayed. As tokens are maneuvered towards the return chute, small prizes and redemption tokens move with them, eventually falling through the return chute.

**PULL UP:** A regular sized glass bottle is laid on its side on a level square board. A plastic ring that will fit over the neck of the bottle is tied to one end of a string, the other end is tied to a section of dowl. The player uses this fishing pole device to lift the bottle from its side to a standing position. A player must start over if the bottle falls off the board, or if he uses anything other than the fishing pole to stand the bottle up.

**PUNK RACK:** "Punks" or "cats", stuffed targets, stand several inches apart on several rows of shelves. Players throw baseballs at the punks to knock them off the shelf. Three punks off in three throws wins.

**SHOOT OUT THE STAR (SHOOTING GALLERY, MACHINE GUNS):** Players shoot out a small red star using pneumatic, rapid fire BB guns. Successfully cutting out the entire red star with 100 shots constitutes a win.

**SLAP SHOT:** Player shoots puck with hockey stick at goalie. Puck may take any one of several numbered grooves to reach the goalie. Final score and prize are determined by which slot the puck ends up in to reach the goalie.

**SPEED BALL:** The player gets three balls. He throws two of the balls for warm-ups then guesses the speed of the third ball, if he is correct he wins.

**STAR DART GAME:** Players throw darts at rows of printed black and red stars on a target board. One dart in the red on any star wins a prize. Losing darts miss the star or hit in the black of the star.

TIC TAC TOE: This game is similar to the Balloon Store game, except that the player wins by popping three balloons in a row, either up, down, across or diagonally.

TISSUE TOSS: One case of toilet tissue rolls and toilet seats attached at an angle with net in background is the equipment needed. Player has three changes to throw a roll of tissue through the toilet seat hoop. Three successful throws receive first-rate prize. Two successful throws receive second-rate prize. One successful throw receive third-rate prize.

WOOD RING TOSS: A wooden hoop is thrown at rows of wooden blocks. Each block has a different prize on it. A player wins by completely ringing one of the wood blocks.

NOTES:

I noted the maximum charge for playing Games of Skill is \$.50. While that might have been acceptable ten or twenty years ago, you can not buy a candy bar at a movie for this fee. I feel this needs to be revised.

Permit holders and games of skill players are tired of only having a short list of legal activities to draw on. The organizations around the state I work with feel it's past time to expand this area.

STATE OF ALASKA  
DEPARTMENT OF COMMERCE  
& ECONOMIC DEVELOPMENT

MAR 19 1990

DIVISION OF  
OCCUPATIONAL LICENSING

**HB**

**29**

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SCS HB 29 (C&RA)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 4/11/89  
Title: "An Act establishing the Alaska  
Racing Commission..."  
Sponsor: Representative Larson  
Requestor: Representative Larson

Agency Affected: Public Safety  
BRU: Alaska State Troopers  
Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

Prepared by: Gavle A. Horetski, Deputy Commissioner  
Division: Office of the Commissioner

Phone: 465-4322  
Date: 4/11/89

Approved by Commissioner: *P.O. H. English*  
Agency: Department of Public Safety

Date: 4/11/89

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
UNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 28, 1989

SUBJECT: Sectional analysis of CSHB 29(L&C)  
TO: Representative Ron Larson  
FROM: Terri Lauterbach *TL*  
Legislative Counsel

The following is a sectional analysis of CSHB 29(L&C).

Please note that a section-by-section analysis or 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. Section 1 of the bill provides for the creation of a commission to regulate racing and parimutuel wagering.

ARTICLE 1. ALASKA RACING COMMISSION.

Sec. 05.40.010 establishes the Alaska Racing Commission in the Department of Revenue. The commission is composed of five members appointed by the governor. One member of the commission shall have experience in the regulation, supervision, or conduct of parimutuel wagering or horse 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 be appointed to 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.

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 authorized for boards and commissions 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 and parimutuel wagering. The commission shall also regulate races, inspect race tracks and racing animals, establish racing dates and durations, sanction racing at specific locations, set fees, make an annual report to the commissioner of revenue and the legislature by February 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. 05.50.060 provides that commission employees are in the partially exempt service.

Sec. 05.40.070 provides that the Attorney General will enforce the regulations of the commission.

Sec. 05.40.080 provides that the records of the commission are public.

Sec. 05.40.090 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 hand, veterinarian, employee of the race meet operator, concessionnaire, or concession employee without receiving a special permit issued by the commission. A special permit is valid for one year unless revoked or suspended.

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 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.

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.

### ARTICLE 3. 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. 05.40.950 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 except as provided under the authority of the commission;
- 3) permit a person under 21 years of age to place a wager.

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

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

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

Sec. 2. Section 2 of the bill amends AS 18.65.080 by providing that the Department of Safety shall investigate whether a person appointed to the commission, a person employed by the commission, a race official, a race meet operator, or a person required to obtain a special permit has been charged with a felony or a gambling offense.

Sec. 3. Section 3 of the bill amends AS 39.25.120(c) to include commission employees in the partially exempt service.

Sec. 4. Section 4 of the bill amends AS 39.50.200(b) to include the Alaska Racing Commission within the definition of "state commission or board" so that members of the commission are subject to prohibitions against conflict of interest.

Representative Ron Larson  
Page 5  
February 28, 1989

Sec. 5. Section 5 of the bill amends AS 44.62.330(a) so that the Alaska Racing Commission is subject to the procedures applicable to administrative adjudication under AS 44.62.330 - 44.62.630.

Sec. 6. Section 6 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.

Sec. 7. Section 7 of the bill gives the bill an effective date of July 1, 1990.

TL:kb  
WKK2/072

## QUESTIONS ABOUT PARIMUTUEL WAGERING AND HB 29

1. What is parimutuel wagering?

Parimutuel wagering is a system of betting dating back to the mid 1800's. Differing from typical gambling by virtue of the fact that the odds are not arbitrary, parimutuel wagering occurs when all collective bettors pool their money together. The total amount wagered versus the individual bets determines the amount which is divided among the winners

2. Has there been any local support shown for parimutuel wagering?

Both the cities of Palmer and Wasilla placed an advisory proposition on the ballot of the October 7, 1986 election concerning parimutuel wagering on certain horse events. (see attachments)

The result in Palmer was 58.2% in favor of the concept of the concept of local option parimutuel horse racing. In addition, the Palmer Municipal Code (Chapter 3.32) addresses parimutuel wagering by virtue of city ordinance #321. The city of Wasilla showed 62% of the voters approved the concept, with the City Council adopting resolution W85-J-6 supporting local option for parimutuel wagering.

In addition to local municipalities, the Matanuska-Susitna Borough has passed a resolution of support for state controlled, local option parimutuel wagering.

3. What type of benefits will parimutuel racing provide?

The most obvious benefit, initially, would be the generation of the racing business itself by the private sector. Infrastructure, such as breeding, training, and racing facilities, will create employment for the construction industry. Additionally, racing events will create a destination and accompanying services for the tourism trade. These are not to mention possible increases in the racing profession itself, with added jockeys, trainers, breeders, and handlers.

Clearly, an obvious benefit would be the added state revenue after the racing commences. The income will come painlessly to the state, without burdening the taxpayer. The amount of revenue depends on the frequency of the events authorized by the commission.

4. Is parimutuel wagering legal elsewhere?

Currently 37 states allow parimutuel wagering for either horses, dogs, or both.

5. What is the development scenario for parimutuel racing?

After the necessary local endorsement by the voters, preparation time could be six months to several years, depending on the level of development. A racing season in Alaska would be for approximately ten (10) weeks. As participation increases, so would the growth.

Parimutuel professionals tell us that an average scenario would typically include eight races a day, with eight entries per field.

The most important thing about this type of racing is the controlled conditions which will guarantee the integrity of the race. Sophisticated racing equipment would be rented - this being the normal procedure in other places where racing is on a similar small scale. HB 29 also requires extensive review procedures for both Commission members and sanctioned events.

6. How have other states benefited from parimutuel wagering?

Other states have benefited by revenue to the general fund, tourism potential, animal care, facility construction, and real estate purchase. For example, the state of Washington collected over \$2.3 million in 1986 from license and registration fees.

Some states allow constitutional dedicated funds, benefiting specific groups such as school systems, rehabilitation, and capital improvement projects.

7. What are the fiscal implications for HB 29?

Our fiscal expectation is relatively small, based on the assumption that racing is only a 10 week season. The commission will provide the initial professional expertise, with possibly one or two staff persons to assist part-time in the preparation of regulations, public hearings, and paperwork. Depending on the development of races and facilities, the employment requirements would follow the same growth curve.

8. What is the role of the Racing Commission?

The Commission will regulate racing and parimutuel wagering. Their wide range of regulatory responsibilities are clearly outlined in HB 29. Included are their specific enforcement powers regarding prohibited acts and penalties.

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

9. How is parimutuel wagering different from games of chance and contests of skill?

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

HB 29 legislates parimutuel guidelines to strongly prevent abuse. The regulatory nature of the Commission, coupled with required sophisticated equipment, enhances the parimutuel system, and ensures security for the establishment and participants.

10. What is a "typical participant" in parimutuel wagering?

Studies have shown that participants are generally white collar workers, with one or more years of higher education and an income of \$35,000 or more. Managers, administrators, business leaders, educators, or politicians are common participants in parimutuel events.

11. How would this system affect those who do not participate?

By choice, it would not. First, it would require a local decision to allow parimutuel wagering within a municipality. Sec. 05.40.120 of HB 29 requires a majority approval of a referendum authorizing parimutuel racing within a municipality. A public hearing is also required before the issuance or renewal of a license.

Secondly, it is an individual choice to partake in wagering. Persons under the age of 21 are prohibited to participate in parimutuel wagering.

12. Who would be the monetary beneficiaries?

The licensee makes money by taking 15% of the pool. This figure is set high at the beginning so as to allow for a quicker return on the private investment.

The state, which establishes the Commission, takes a percentage equal to 10% of the pool. In addition, the state is the recipient of all licensing revenue, and can collect up to \$1.00 of the admission ticket.

The entrants would receive 10% of the pool in the form of purse money.

The participants who have the winning tickets share the remaining 65% of the pool.



File with 17B 5A

CITY OF PALMER, ALASKA

ORDINANCE NO. 321

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

THE CITY OF PALMER, ALASKA, ORDAINS:

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

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

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

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

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

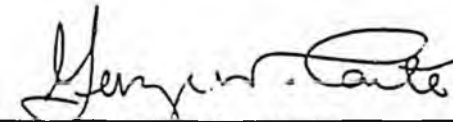
Section 4. Publication and Effective Date. This ordinance shall become effective immediately upon its adoption and publication shall be by posting a copy hereof on the City Hall bulletin board for a period of ten (10) days following its adoption, and it shall be published by being printed and included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

A notice of public hearing shall be given by such posting at least five (5) days before final passage.

First Reading: August 1, 1985

Public Hearing &  
Second Reading: August 13, 1985

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

  
\_\_\_\_\_  
GEORGE W. CARTE, MAYOR

\_\_\_\_\_  
DAVID L. SOULAK, CITY CLERK



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

## CITY OF WASILLA

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

### RESOLUTION NO. W85-J-6

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

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

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

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

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

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

APPROVED:

Charles H. Bumpus, Mayor

ATTEST:

Erling P. Nelson, City Clerk, CMC

(SEAL)

# SAMPLE BALLOT

To Be Removed by Election Judge

To Be Removed by Election Judge

FOLD TO THIS LINE

## CITY OF PALMER GENERAL ELECTION

### October 7, 1986

- Mark only by use of cross marks, "X" marks, check or plus signs. Place marks in squares.
- Marks must be inside or touching the squares so as to indicate the intent of the voter. Erasures and corrections will invalidate only that part of the ballot on which it appears.
- If you spoil or mar your ballot you may return it to the election judge and receive another ballot.

### Mayor

Three Year Term  
(Vote for not more than One)

GEORGE W. CARTE'

\_\_\_\_\_

### Council

Three Year Term  
(Vote for not more than Two)

ROBERT M. "RED" HENDERSON

JEANNINE L. JOHNSON

\_\_\_\_\_

\_\_\_\_\_

### Advisory Proposition No. 1

"Do You Support the Concept of Local Option Pari-Mutuel Horse Racing?"

Yes

No

ATTACHMENT "A"

ELECTION WORKSHEET REGULAR ELECTION 10-7-86

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

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

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

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

ELECTION OF MAYOR

CANDIDATES	REGULAR		ABSENTEE		QUESTIONED		TOTAL	%
	#37	#38	#37	#38	#37	#38		
BUSHNELL, KILLET A.	51	37	6	2	0	0	101	14.15%
COTTLE, COLLEEN G.	27	21	1	1	0	0	50	7.00%
DeCAMP, RICHARD L. (NEP)	47	43	2	5	0	0	117	16.39%
LANGILL, FRANK S.	16	1	0	0	0	0	23	3.22%
MCCARTHY, RAYMOND P.	15	10	0	0	0	0	25	3.50%
MARTIN, ED SR.	59	37	5	2	0	0	99	13.87%
NEWCOMB, HAROLD S.	50	59	7	7	0	0	109	15.47%
PAGE, DOROTHY G.	57	44	3	5	0	0	104	14.57%
WRITEINS	5	1					6	.84%
<b>TOTALS</b>	<b>383</b>	<b>285</b>	<b>24</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>714</b>	<b>100.00%</b>

ADVISORY QUESTIONNAIRE

PARI-MUTUEL HORSE RACING

YES	181	181	15	16	0	0	393	61.99%
NO	130	99	6	6	0	0	241	38.01%
<b>TOTAL</b>							<b>634</b>	<b>100.00%</b>

CITY OF PALMER SPECIAL CITY COUNCIL MEETING MINUTES - OCTOBER 9, 1986

June Tull	Council	1	0	1
Eve Hermon	Council	1	0	1
Roger Saunders	Council	1	0	1
S. Luse	Council	1	0	1
Dorothy Saxton	Council	1	0	1
Jerry Hann	Council	3	0	3

ADVISORY PROPOSITION NO. 1	YES	264	6	270
	NO	155	1	156

There was a total of 464 votes cast.

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

2. Award Bid - Water Well.

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

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

3. Award Bid - Runway Paving.

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

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

4. Award Bid - Town Square Project.

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

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

CITY OF PALMER  
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D. ADJOURNME

DAVID L. SOUL

C O R R E C T I O N

Discard FISCAL NOTE CSHB 29 (L&C), No. 1

Published - 2/3/89

And Retain This Corrected Version  
Published - 2/17/89

CORRECTED

**STATE OF ALASKA  
1989 LEGISLATIVE SESSION**

BILL VERSION: CSHB 29 (L&C)  
PUBLISH DATE: HOUSE 2/17/89

**FISCAL NOTE**

**REQUEST:**

Revision Date: February 16, 1989 Agency Affected: Commerce & Econ. Dev.  
Title: An Act establishing the Alaska BRU: Alaska Racing Commission  
Racing Commission and authorizing parimutuel wagering.  
Sponsor: Representative Larson Components: \_\_\_\_\_  
Requester: House Finance

**EXPENDITURES / REVENUES : (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	43.6	91.8	141.4	141.4	141.4
TRAVEL	0	7.8	14.4	15.2	15.2	15.2
CONTRACTUAL	0	20.4	35.4	20.4	20.4	20.4
SUPPLIES	0	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	0	11.4				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>85.7</b>	<b>144.1</b>	<b>179.5</b>	<b>179.5</b>	<b>179.5</b>

CAPITAL						
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REVENUE	0	68.4	261.2	522.8	522.8	522.8
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**FUNDING: (Thousands of dollars)**

GENERAL FUND	0	85.7				
FEDERAL FUNDS						
OTHER	0		144.1*	179.5*	179.5*	179.5*
<b>TOTAL</b>	<b>0</b>	<b>85.7</b>	<b>144.1*</b>	<b>179.5*</b>	<b>179.5*</b>	<b>179.5*</b>

**POSITIONS: \*Estimated General Fund Program Receipts**

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

**ANALYSIS: (Attach a separate page if necessary.)**

See attached for analysis.

Prepared by: Kathy Marshall, Director Phone: 465-2505  
Division: Administrative Services Date: \_\_\_\_\_

Approved by Commissioner: Larry Mercurieff *Kathy Marshall* Phone: \_\_\_\_\_  
Agency: Department of Commerce & Economic Development Date: 2/16/89

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

**FY 90 EXPENDITURE DETAIL**

**PERSONAL SERVICES**

Executive Director, PX, Range 22A, 6 months	\$32,020.00
Clerk-Typist III, PX, Range 8A, 5 months	<u>11,556.60</u>
<b>SUB-TOTAL:</b>	<b>\$43,576.60</b>

**TRAVEL**

FY 90: Three commission meetings in the Anchorage area at 2 days each. This travel assumes three commissioners are appointed from the Anchorage area, one from Fairbanks, and one from Juneau. The staff positions are located in Anchorage.

	TRAVEL	PER DIEM
3 Anchorage members (160x3x3)	\$ 0.00	\$1,440.00
1 Juneau to Anchorage (366x3)	1,000.00	480.00
1 Fairbanks to Anchorage (232x3)	696.00	480.00
1 Staff person	0.00	0.00
Director's Travel (one trip to inspect and review small racing commission operations in Michigan, Maine and New Hampshire)	1,000.00	1,120.00
1 Site inspection (2 Anch. mbrs)	0.00	160.00
1 Event (8 days; 2 Anch. mbrs)	<u>0.00</u>	<u>1,280.00</u>
	<b>\$2,794.00</b>	<b>\$ 4,960.00</b>
<b>SUB-TOTAL:</b>		<b>\$ 7,754.00</b>

**CONTRACTUAL**

Postage, Communications, Printing, Advertising and other operating costs.	\$15,000.00
Office Space rent	<u>5,400.00</u>
<b>SUB-TOTAL:</b>	<b>\$20,400.00</b>

**SUPPLIES** **\$ 2,500.00**

**EQUIPMENT** (one time costs only)

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

**FY 90 TOTAL GENERAL FUND EXPENDITURES \$85,651.78**

**FY 90 REVENUE DETAIL**

- One six day event:

18,000 players (estimate based on 3,000 per day for six days)

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

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

- \$1.00 per person gate fee equals \$18.0 in State Revenues (\$1.00 times 18,000 players)
- Various permit fees will also be charged based on regulations set by the Racing Commission, but it is not possible to estimate the revenues that will be generated by those fees at this time.

**FY 90 ESTIMATED REVENUE TOTAL: \$68,400.00**

**FY 91 EXPENDITURE DETAIL**

**PERSONAL SERVICES**

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

**TRAVEL**

Four Commission meetings in Anchorage area	\$ 11,264.00
2 - Site inspections (two Anchorage Area members)	320.00
2 - Events (8 days; 2 Anch area Commissioners @ \$1280 ea.)	<u>2,560.00</u>
<b>SUB-TOTAL:</b>	<b>\$ 14,144.00</b>

**CONTRACTUAL**

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

<b>SUPPLIES</b>	<b>\$ 2,500.00</b>
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<b>FY 91 TOTAL GENERAL FUND EXPENDITURES:</b>	<b>\$143,819.88</b>
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**FY 91 REVENUE DETAIL:**

- Two (2) six day events
  - 34,400 players per event (estimate based on approximately 5,700 players per day during each six day event)
  - Handle of \$963.2 in total receipts at each six-day event based on an average wager of \$28 (Montana's average)
  - A takeout of 35%, with State share at 10%, generates State Revenues of \$96.3 per event, or \$192.6 for the two events.
- \$1.00 per person for the two events equals \$68.6 in revenue (\$1.00 times 68,800 people equals \$68.8)
- Various licensing fees will be charged by the Racing Commission; pending the adoption of regulations setting those fees, it is not possible to estimate that additional revenue for this fiscal note.

<b>FY 91 ESTIMATED REVENUE TOTAL:</b>	<b>\$261,200.00</b>
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## FY 92 EXPENDITURE DETAIL

CSHB 29 (L&C)  
HOUSE 2/17/89

## PERSONAL SERVICES

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

SUB-TOTAL: \$141,350.38

## TRAVEL

Four Commission meetings in Anchorage area	\$ 11,264.00
3 - Site inspections (by 3 members from Anchorage area and one from Fairbanks)	712.00
(2 Anch. P/D = 160 x 2 inspections = 320)	
(1 Anch. P/D = 80 + FBX Airfare = \$232 + 80 = 392)	

4 - Events (8 days; by 3 members from Anchorage area and one from Fairbanks)	\$ 3,184.00
(2 Anch. mbrs.: \$80 x 8 x 2 = 1280)	
(1 Anch. mbr: \$80 x 3 x 2 = \$1,280 +	
1 Fbx. mbr: \$232 + \$80 x 9 (extra day)	
x 2 = 1,904)	

SUB-TOTAL: \$ 15,160.00

## CONTRACTUAL

Postage, Communications, Printing, Advertising and other operating costs.	\$ 15,000.00
Office Space rent	<u>5,400.00</u>

SUB-TOTAL: \$ 20,400.00

SUPPLIES \$ 2,500.00

FY 92 TOTAL GENERAL FUND EXPENDITURES: \$179,410.38

## FY 92 REVENUE DETAIL:

- Four (4) six day events
  - 34,400 players per event (estimate)
  - Handle of \$963.2 in total receipts per event based on average wager of \$28 (Montana's average)
  - A takeout of 35%, with State share of 10% of the revenues generated, equals State Revenues of \$96.3 per event, or \$385.2 for the four estimated events.
- \$1.00 per person per event generates \$137.6 in revenue (\$1.00 times 34,400 times four events)



### FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act establishing the Alaska  
Racing Commission . . ."  
Sponsor: Representative Larson  
Requestor: House Labor & Commerce

Agency Affected: Department of Law  
BRU: Legal Services  
Components: Operations

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	75.0	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	75.0	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND	-0-	75.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Please see the attached analysis.

*Richard I. Pegues*

Prepared by: Richard I. Pegues, Director  
Division: Administrative Services

Phone: 465-3672  
Date: January 18, 1989

Approved by Commissioner: Grace Berg Schauble, Atty General  
Agency: Department of Law

Date: January 18, 1989

**Distribution (by preparer):**

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

## CONTINUATION of FISCAL NOTE ANALYSIS

CSHB 29 (L&C)  
HOUSE 2/3/89

This bill amends AS 05 by establishing the Alaska Racing Commission and by authorizing parimutuel wagering at sanctioned horse race events. The bill provides that the commission, and its staff, would be responsible for regulating all sanctioned events under a comprehensive regulatory scheme that covers nearly every aspect of race operations and wagering. It is our view that a substantial body of regulations will need to be drafted and adopted to carry out the purposes of this bill. We are therefore requesting \$75,000, as a one-time expense, to handle the drafting effort. We believe that this is the minimum amount necessary to insure proper regulatory oversight, if this form of legalized wagering is authorized in the state.

Unfortunately, we cannot predict future legal costs that may occur once sanctioned racing is established, because of our total lack of experience in this area. It is conceivable, however, that if racing becomes well established that at least one civil attorney and one criminal attorney, plus support costs, could be required on a continuing basis due to racing activity. Because of the severe budget constraints that have already been felt by the department, and because of further budget reductions that may take place in FY 90, it will be necessary to request additional funds when and if racing activities so warrant.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSHB 29 (L&C)  
PUBLISH DATE: HOUSE 2/3/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act establishing the Alaska  
Racing Commission..."  
Sponsor: Representative Larson  
Requestor: House Labor & Commerce

Agency Affected: Public Safety  
BRU: Alaska State Troopers  
Component: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

Prepared by: Gavle A. Horetski, Deputy Commissioner  
Division: Office of the Commissioner

Phone: 465-4322  
Date: 1/18/89

Approved by Commissioner: A.H. Arthur English  
Agency: Department of Public Safety

Date: -19-89

BILL NO: HB 29

DATE: January 18, 1989

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

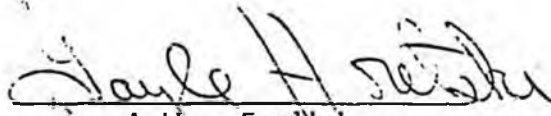
CONTACT: Gayle A. Horetski  
Deputy Commissioner  
465-4322

DEPARTMENT OF  
PUBLIC SAFETY

House Bill 29 will legalize parimutuel betting at horse races and regulate horse racing at sanctioned events for the purpose of allowing parimutuel wagering.

Under Section 2 of the bill, the Department of Public Safety will be required to run criminal history checks on certain individuals. Because the number of persons whose records must be checked is expected to be very small, the Department believes that this impact can be absorbed using existing staff and resources.

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

  
for Arthur English  
Commissioner

POSTAL RETURN TO: 1000 W. 12TH AVENUE, ANCHORAGE, ALASKA 99501

Presented by: Silvers  
Introduced: -03/03/87  
Drafted by: G.L.S.

MATANUSKA-SUSITNA BOROUGH

Resolution Serial No. 87-~~032~~

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH SUPPORTING  
HOUSE BILL 32 AND SENATE BILL 63.

WHEREAS, the Alaska State Legislature has pending before it House Bill 32 and Senate Bill 63 that would authorize state controlled parimutuel betting on horse and dog racing where approved at a local option election, and

WHEREAS, the voters in the cities of Palmer and Wasilla have previously approved in an advisory vote the conduct of certain parimutuel wagering within their boundaries, and

WHEREAS, parimutuel wagering would create a direct source of revenue for the state and thereby reduce the need for new or increased state taxes, and

WHEREAS, authorization of parimutuel wagering would make possible a new, non-polluting industry in Alaska, and

WHEREAS, horse and dog racing in the borough would create a demand for feed, pasture and other agricultural products and services related to animal husbandry that are readily available in the borough, and

WHEREAS, horse and dog racing in the borough would be a tourist attraction for Alaska, bringing visitors from other states as well as other areas of Alaska, and

WHEREAS, horse and dog racing in the borough would generate additional use of the Alaska Railroad, and

WHEREAS, construction and operation of a race track and associated facilities and concessions in the borough would provide new employment opportunity for Alaskans;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH:

1. That the Assembly supports the concept of state controlled parimutuel wagering on horse and dog racing when locally approved and as generally set out in House Bill 32 and Senate Bill 63 and strongly urges the legislature to adopt legislation authorizing parimutuel wagering on such racing.

2. That copies of this resolution be sent to The Honorable Steve Cowper, Governor of the State of Alaska, and to each member of the Alaska Legislature.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 4th day of March, 1987.

*Dorothy A. Jones*  
Dorothy A. Jones, Mayor

ATTEST:

*Chris Seagraves*  
Chris Seagraves, Clerk

(SEAL)

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1989

SUBJECT: Off-track Gambling  
CSHB 29( )

TO: Senator Bettye Fahrenkamp

FROM: Terri Lauterbach *Terri*  
Legislative Counsel

Enclosed is a draft of a blank CS for HB 29. It includes the material on off-track gambling in a separate article, as you requested. It uses the material you submitted, with the following exceptions:

- (1) The structure of the Alaska Racing Commission as it already existed in HB 29 is used rather than setting up a separate commission for the off-track licensing.
- (2) I did not use the obviously unconstitutional 5-year durational residency requirement for persons who wish to be licensed to hold off-track events.
- (3) The attempted dedication of funds in the submitted material has been changed to the usual language requiring separate accounting for the funds and discretionary appropriation of the funds for the desired purpose.

I have not been able to contact Mr. Dirkin. Since you seem interested in having a draft as soon as possible, I am sending it to you now so that Mr. Dirkin can have the benefit of the actual language in front of him if you wish to have him review the bill.

Please let me know if I can be of further assistance.

TL:kb  
wkk2/059

Enclosure

## NEW SECTION 1 - DEFINITIONS

Unless the context otherwise requires, words and phrases as used herein shall mean:

"Commission" shall mean the Alaska Horse Racing Commission, hereinafter created.

"Person" shall mean and include individuals, firms, corporations and associations.

"Race meets" shall mean and include any exhibition of thoroughbred, quarter horse, paint, Appaloosa horse racing, Arabian horse racing, or standard bred horse racing, where the pari-mutuel system is used.

"Exotic Race" shall mean any race involving a multiple wager.

Singular shall include the plural, and the plural shall include the singular - and words importing one gender shall be regarded as including all other genders.

## NEW SECTION 2 - ALASKA HORSE RACING COMMISSION

There is hereby created the Alaska Horse Racing Commission to consist of one Commissioner, appointed by the Governor and confirmed by the Senate and House. The Commissioner shall be a citizen, resident, and qualified elector of the State of Alaska for the past five years. The term of the Commissioner shall be six years. Commissioner shall hold office until his or her successor is appointed and qualified. Vacancies in the office of Commissioner shall be filled by appointment to be made by the Governor for the unexpired term. Any Commissioner may be removed

at any time at the pleasure of the Governor. Before entering upon the duties of his or her office, the Commissioner shall enter into a surety company bond, to be approved by the Governor and the Attorney General, payable to the State of Alaska, in the penal sum of \$25,000, conditioned upon the faithful performance of the Commissioner's duties and the correct counting and payment of all sums received and coming within his or her control under this chapter, and in addition thereto the Commissioner shall take and subscribe to an oath of office of the same form as that prescribed by law for elected state officials.

NEW SECTION 3 - EX OFFICIO NONVOTING MEMBERS

In addition to the Commission member appointed under this act, there shall be two ex officio nonvoting members consisting of - (1) one member of the Senate, and (2) one member of the House of Representatives. The member from the Senate shall be appointed by the President of the Senate and the member from the House of Representatives shall be appointed by the Speaker of the House of Representatives. Appointment shall be for the term of two years or for the period in which the appointee serves as a legislator, which ever expires first. Members may be reappointed, and vacancies shall be filled in the same manner as original appointments are made. The ex officio member shall assist in the policy-making, rather than administrative, functions of the Commission, and shall collect data deemed essential to further legislative proposals and exchange information with the Commission. The ex officio member shall be deemed engaged in

legislative business while in attendance upon the business of the Commission and shall be limited to such allowances as provided by law. Expenses of the ex officio members shall be paid from the Commission fund as being expenses relative to Commission business.

NEW SECTION 4 - COMMISSION ORGANIZATION -  
SECRETARY - RECORDS - ANNUAL REPORTS

Upon being appointed by the Governor, the Commissioner shall hire an employee secretary, and such other clerical, office, and other help as is necessary in the performance of the duties imposed upon it by this chapter. The Commission shall keep detailed records of all meetings and of the business transacted therein, and of all the collections and disbursements. The Commission shall prepared and submit an annual report to the Governor and Legislature. All records of the Commission shall be public records and as such subject to public inspection.

NEW SECTION 5 - COMMISSIONER TO ISSUE LICENSES  
FOR PARI-MUTUEL BETTING

Pari-mutuel wagering and off-track satellite wagering are hereby authorized and it shall be the duty of the Commissioner, as soon as it is possible after organization to prepare and promulgate a complete set of rules and regulations to govern the pari-mutuel wagering of simulcast and satellite locations in this state. It shall be unlawful for any person to conduct simulcast or satellite pari-mutuel wagering without having first obtained and having in force and effect a license issued by the Commission as provided for in this chapter - and paying the fee which shall

be set by the Commissioner. Said license issued under this section shall be for a period of five years.

NEW SECTION 6 - COMMISSION TO REGULATE AND  
LICENSE MEETS - INSPECTION

The Commission created by this chapter is hereby authorized, and it shall be its duty, to license, regulate, and supervise all simulcast and satellite pari-mutuel wagering held in this state under the terms of this chapter, and to cause the various locations to be visited and inspected at least once a year.

NEW SECTION 7 - APPLICATION FOR ISSUANCE OF LICENSE

The Commissioner shall be the sole judge of whether or not the applicant shall be licensed. No person who has been convicted of any crime involving moral turpitude shall be issued a license, nor shall any license be issued to any person who has violated the terms or provisions of this chapter, or any of the rules and regulations of the Commission made pursuant thereto, or has failed to pay the Commission any or all sums required under the provisions of this chapter. No person who has not been a resident of the State of Alaska for at least five years immediately preceding the application shall be issued a license, nor shall any license be issued to an association or corporation unless a majority of their stockholders have been residents of the State of Alaska for the past five years. Any unexpired license held by any person who violates any of the provisions of this chapter, or any of the rules or regulations of the Commission made pursuant thereto, or who fails to pay to the Commission

any and all sums required under the provisions of this chapter, shall be subject to cancellation and revocation by the Commission. Such cancellation shall be made only after a summary hearing before the Commission, of which three days' notice, in writing, shall be given to the licensee, specifying the grounds for the proposed cancellation, and at which hearing the licensee shall be given an opportunity to be heard in opposition to the proposed cancellation.

NEW SECTION 8 - PROHIBITIVE PRACTICES -  
PARI-MUTUEL SYSTEM PERMITTED

(1) It shall be unlawful -

(a) To conduct pool selling, bookmaking, or to circulate handbooks - or,

(b) To bet or wager on any horse race other than by the pari-mutuel method - or,

(c) For any licensee to take more than the percentage provided in New Section 12 of this act - or,

(d) For any licensee to compute breaks in the pari-mutuel system otherwise than at 10¢.

(2) Any willful violation of the terms of this chapter, or of any rule, regulation, or order of the Commission shall constitute a gross misdemeanor and when such violation is by a person holding a license under this chapter, the Commission may cancel the license held by the offender, and such cancellation shall operate the forfeiture of all rights and privileges granted by the Commission and of all sums of money paid to the Commission by

the offender; and the action of the Commission in this respect shall be final.

(3) The Commission shall have the power to exclude from any and all pari-mutuel wagering locations in the State of Alaska any person whom the Commission deems detrimental to the best interests of racing or any person who willfully violates any of the provisions of this chapter or of any rule, regulation, or order issued by the Commissioner.

(4) Every pari-mutuel wagering, simulcasting or satellite reception held in this state contrary to the provisions of this chapter is hereby declared to be a public nuisance.

(5) Except as provided in this act the state preempts the field of imposing taxes on pari-mutuel wagering authorized under this act.

NEW SECTION 9 - GROSS RECEIPTS AND FEES -  
COMMISSION PERCENTAGE - DISPOSITION

In addition to the license fees required by this chapter, the licensee shall pay to the Commission the percentage of gross receipts of all pari-mutuel machines at each race track in accordance with New Section 11, which sum shall be paid daily to the Commission.

NEW SECTION 10 - SATELLITE LOCATIONS - PARI-MUTUEL WAGERING

The Commission's authority to approve satellite wagering is subject to the following limitations -

(1) The Commission shall approve only one satellite license for each two hundred thousand population. The satellite licensee

may, however, with the Commission approval have multiple locations throughout the State of Alaska.

(2) Subject to local land use ordinances, the Commission shall be the sole judge of whether approval to conduct wagering at a satellite location shall be granted.

(3) The licensee shall combine the pari-mutuel pool of the satellite locations for the purpose of determining odds and computing payoffs.

NEW SECTION 11 - SATELLITE WAGERS -  
GROSS RECEIPTS - COMMISSION PERCENTAGE

(1) The licensee shall pay to the Commission daily for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers on all races -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall pay to the Commission two percent of the daily gross receipts of pari-mutuel machines from satellite wagers;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall pay the Commission three percent on daily gross receipts exceeding one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee shall pay daily to the Commission an addition one percent of gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) As used in this section, exotic races means any multiple wager.

NEW SECTION 12 - SATELLITE WAGERS -  
GROSS RECEIPTS - LICENSEES PERCENTAGE

(1) The licensee may retain for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall retain seventeen percent of such gross receipts;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall retain sixteen percent of such gross receipts in excess of one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee may retain an additional four percent of the daily gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska State Fair. To carry out the intent of this section, the State Treasurer is hereby authorized and directed to create a State Fair Fund within the General Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated State Fair Fund.

(4) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska cities and/or bur<sup>ro</sup>oughs in which satellite locations are established to carry out the intent of this section, the State Treasurer is hereby authorized and directed to create within the General Fund a Municipal and/or Bur~~ro~~ough Satellite Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated Municipal and Burrough Satellite Fund.

The funds created by subsection (3) and (4) shall be distributed by the Commissioner based upon a formula arrived at after consulting with representatives of Alaska cities and burroughs and state fairs.

NEW SECTION 13 - SATELLITE LOCATIONS - FEES

The Commission is authorized to establish and collect an annual fee for each separate satellite location. The fee to be collected from the licensee shall be set to reflect the Commission's expected costs of approving, regulating, and monitoring each satellite location, provided Commission revenues generated under New Section 11(2) from the licensee shall be credited annually towards the licensee's fee assessment under this section.

NEW SECTION 14 - SEVERABILITY

In case any part of portion of this chapter shall be held unconstitutional, such holding shall not effect the validity of this chapter as a whole or any other part or portion of this

chapter not adjudged unconstitutional. All acts and conflict  
herewith are hereby repealed.

Original sponsors: Larson, Zawacki,  
and Menard

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IN THE HOUSE

CS FOR HOUSE BILL NO. 29 ( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

CHAPTER 40. HORSE RACING.

ARTICLE 1. ALASKA RACING COMMISSION.

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

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

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

(1) a felony; or

(2) an offense defined in AS 05.40.160, AS 11.66.200 - 11.66.280, or a comparable provision of municipal, state, or federal law.

(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 race meets, including  
28 regulations governing

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

1 of licenses and special permits;

2 (B) the immediate suspension of a license or special  
3 permit during an investigation of a violation of this chapter or  
4 a regulation adopted under 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, race horses, and the  
19 location of off-track events;

20 (4) establish racing dates and durations;

21 (5) sanction horse racing and off-track events within  
22 municipalities at locations approved by the commission;

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

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

27 (8) keep detailed records of all race meets and off-track  
28 events and of all collections and disbursements from race meets and  
29 off-track events;

1 (9) supervise the making and distribution of parimutuel  
2 pools for race meets and off-track events; and

3 (10) adopt regulations implementing AS 05.40.200 - 05.40.-  
4 290.

5 (b) The commission may

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

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

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

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

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

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

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

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

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

27 ARTICLE 2. RACE MEETS.

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

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

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

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

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

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

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

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

23 (1) a majority of the voters in the municipality has ap-  
24 proved a referendum authorizing parimutuel wagering on horse races and  
25 providing for municipal licensing of race meets within the municipal-  
26 ity; and

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

1           Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as  
2 provided in (b) and (c) of this section, the parimutuel pool for a  
3 race meet shall be 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 for a race meet but not claimed within six months  
15 after the date for distribution of the parimutuel pool shall be paid  
16 to the commission 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 Sec. 05.40.160. PROHIBITED ACTS AND PENALTIES. (a) It is a  
4 class A misdemeanor to

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

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

10 (3) place a wager upon the results of a horse race in a  
11 race meet except by a parimutuel method of wagering conducted by a  
12 race meet operator licensed under this chapter, and upon the grounds  
13 or enclosure of the race meet operator, except as authorized under  
14 AS 05.40.200 - 05.40.290;

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

17 (b) Violation of a regulation or provision of AS 05.40.010 -  
18 05.40.160 with intent to affect the outcome of a horse race is a class  
19 C felony.

20 ARTICLE 3. OFF-TRACK EVENTS.

21 Sec. 05.40.200. OFF-TRACK LICENSE. (a) A person may not con-  
22 duct parimutuel wagering at an off-track event without an off-track  
23 license issued by the commission. An off-track license is valid for  
24 five years unless canceled by the commissioner under (c) of this sec-  
25 tion.

26 (b) The commission may not issue an off-track license to a  
27 person who has

28 (1) been convicted of a crime involving moral turpitude;

29 (2) violated a provision of this chapter or a regulation

1 adopted under this chapter;

2 (3) failed to pay the license fee set by the commission.

3 (c) The commission may cancel an off-track license if the li-  
4 censee intentionally violates a provision of this chapter or a regu-  
5 lation adopted under this chapter.

6 (d) The commission may not approve more than one off-track  
7 license per 200,000 in state population. The commission may approve  
8 multiple locations for the operations of an off-track licensee. If  
9 multiple locations are approved for a licensee, the licensee shall  
10 combine the wagers placed at all locations in order to determine odds  
11 and compute payoffs in one parimutuel pool.

12 (e) The commission may establish an annual fee for each location  
13 at which an off-track event is held. The fee must reflect the com-  
14 mission's expected cost of approving, regulating, and monitoring the  
15 location. The amount of the fee collected shall be offset by the  
16 amount paid to the commission under AS 05.40.210(b). The commission  
17 may not refund any money under this subsection.

18 Sec. 05.40.210. COMMISSION'S SHARE OF GROSS RECEIPTS. (a) The  
19 holder of an off-track license shall pay to the commission on a daily  
20 basis for each authorized day of an off-track event the following  
21 applicable percentage of daily gross receipts based on the total gross  
22 receipts received from all approved locations for that licensee:

23 (1) two percent of the first \$100,000 of gross receipts;

24 (2) three percent of gross receipts not described in (1) of  
25 this subsection.

26 (b) In addition to amounts paid to the commission under (a) of  
27 this section, the holder of an off-track license shall separately pay  
28 to the commission on a daily basis for each authorized day of an  
29 off-track event one percent of all gross receipts from exotic races.

1 (c) The commission shall deposit money received under this  
2 section into the general fund. The commission shall make separate  
3 deposits of money received under (b) of this section. The commis-  
4 sioner of administration shall separately account for money deposited  
5 by the commission that is designated by the commission as being re-  
6 ceived under (b) of this section. The legislature may appropriate  
7 one-half of the estimated balance of this separate account to benefit  
8 the Alaska State Fair and one-half of the estimated balance to benefit  
9 the municipalities in which off-track events are located.

10 Sec. 05.40.220. LICENSEE'S SHARE OF GROSS RECEIPTS. (a) The  
11 holder of an off-track license may retain for each authorized day of  
12 an off-track event the following applicable percentages of daily gross  
13 receipts based on the total gross receipts received from all approved  
14 locations for that licensee:

15 (1) 17 percent of the first \$100,000 of gross receipts;

16 (2) 16 percent of gross receipts not described in (1) of  
17 this subsection.

18 (b) In addition to the amounts retained by the licensee under  
19 (a) of this section, the licensee may retain four percent of the daily  
20 gross receipts from exotic races.

21 Sec. 05.40.290. PROHIBITED ACTS AND PENALTIES. (a) A person  
22 may not intentionally

23 (1) circulate handbooks;

24 (2) wager on an off-track event other than by the pari-  
25 mutuel method conducted by a person with an off-track license; or

26 (3) violate AS 05.40.200 - 05.40.290 or a regulation adopt-  
27 ed under AS 05.40.200 - 05.40.290.

28 (b) An off-track licensee may not intentionally

29 (1) retain more than the percentage of gross receipts

1 provided for in AS 05.40.220; or

2 (2) compute breakage at points that are not multiples of  
3 \$.10.

4 (c) A violation of (a) or (b) of this section is a class A  
5 misdemeanor. In addition to penalties otherwise provided by law, the  
6 court may issue an order barring a person who violates (a) or (b) of  
7 this section from being at an off-track event conducted by a licensee  
8 under AS 05.40.200 - 05.40.290.

9 (d) Parimutuel wagering at an off-track event that is not au-  
10 thorized under AS 05.40.200 - 05.40.290 is a public nuisance.

11 ARTICLE 4. GENERAL PROVISIONS.

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

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

17 Sec. 05.40.990. DEFINITIONS. In this chapter

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

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

23 (3) "exotic race" means a race involving a multiple wager;

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

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

29 (6) "off-track event" means an event during which a horse

1 race can be viewed simultaneously at a location different from the  
 2 location at which the race takes place and during which the viewers  
 3 can use a parimutuel system to place wagers on the outcome of the race  
 4 being viewed;

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

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

14 (9) "race meet operator" means the person who is authorized  
 15 to conduct a race meet sanctioned by the commission;

16 (10) "special permit" means a permit issued by the commis-  
 17 sion to participants in a race meet, other than the race meet opera-  
 18 tor, under AS 05.40.110.

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

20 (b) The Department of Public Safety shall investigate and ascer-  
 21 tain whether the following persons have been charged with a crime set  
 22 out in AS 05.40.010(c)

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

25 (2) an applicant for employment with the Alaska Racing  
 26 Commission;

27 (3) an applicant to serve as a race official or race meet  
 28 observer;

29 (4) an applicant for a license under AS 05.40.100 or a

1 special permit under AS 05.40.110.

2 \* Sec. 3. AS 39.25.120(c) is amended by adding a new paragraph to read:  
3 (21) employees of the Alaska Racing Commission.

4 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:  
5 (50) Alaska Racing Commission (AS 05.40.010).

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

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

11 \* Sec. 7. This Act takes effect July 1, 1990.  
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STATE OF WASHINGTON  
WASHINGTON HORSE RACING COMMISSION  
210 E. Union Ave. • Olympia, Washington 98501 • (206) 753-3741

*North*

April 7, 1989

The Honorable Senator Al Adams  
Capitol Building  
Room 423  
Juneau, Alaska 99811

Dear Senator Adams:

In regard to your Committee question on the amount of revenue which would occur if the satellite amendment were to become law, I would reply as follows.

Based on the Alaskan population of between 500,000 - 550,000 and four to six locations and further based on the formula in the Amendment and on the projections submitted to the Committee, I would estimate a daily gross of \$300,000. The revenue to the State would be \$8,000 per day ( Two percent of \$100,000, three percent of \$200,000), plus one percent on the exotic race wagering (Forty percent of the total) which would produce an additional \$1,200 per day for cities and state fairs.

Yours very truly,

*John Crowley*  
John Crowley  
Executive Secretary

JC:ps

1 IN THE SENATE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

11 CHAPTER 40. HORSE RACING.

12 ARTICLE 1. ALASKA RACING COMMISSION.

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

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

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

25 (1) a felony; or

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

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

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 off-track events, includ-  
28 ing regulations governing

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

1 of licenses;

2 (B) the immediate suspension of a license during an  
3 investigation of a violation of this chapter or a regulation  
4 adopted under this chapter;

5 (C) parimutuel equipment to be used by off-track  
6 licensees;

7 (D) auditing procedures; and

8 (E) other matters directly related to off-track pari-  
9 mutuel wagering;

10 (2) regulate and supervise all off-track events;

11 (3) inspect and approve the location of off-track events;

12 (4) set all license fees;

13 (5) make an annual report to the commissioner of commerce  
14 and economic development and the legislature of its administration of  
15 this chapter before February 15 of each year;

16 (6) keep detailed records of all off-track events and of  
17 all collections and disbursements from off-track events;

18 (7) supervise the making and distribution of parimutuel  
19 pools for off-track events; and

20 (8) adopt regulations otherwise implementing AS 05.40.100 -  
21 05.40.190.

22 (b) The commission may

23 (1) hire staff as needed to administer this chapter if the  
24 investigation required under AS 18.65.080 finds that the person has  
25 not been convicted of a crime set out in AS 05.40.010(c);

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

28 (3) compel the production of documents showing the receipts  
29 and disbursements of an off-track licensee;

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

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

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

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

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

11 ARTICLE 2. OFF-TRACK EVENTS.

12 Sec. 05.40.100. OFF-TRACK LICENSE. (a) A person may not con-  
13 duct parimutuel wagering at an off-track event without an off-track  
14 license issued by the commission. An off-track license is valid for  
15 five years unless canceled by the commission under (c) of this sec-  
16 tion.

17 (b) The commission may not issue an off-track license to a  
18 person who has

19 (1) been convicted of a crime involving moral turpitude;

20 (2) violated a provision of this chapter or a regulation  
21 adopted under this chapter;

22 (3) failed to pay the license fee set by the commission.

23 (c) The commission may cancel an off-track license if the li-  
24 censee intentionally violates a provision of this chapter or a regu-  
25 lation adopted under this chapter.

26 (d) The commission may not approve more than one off-track  
27 license per 200,000 in state population. The commission may approve  
28 multiple locations for the operations of an off-track licensee. If  
29 multiple locations are approved for a licensee, the licensee shall

1 combine the wagers placed at all locations in order to determine odds  
2 and compute payoffs in one parimutuel pool.

3 (e) The commission may establish an annual fee for each location  
4 at which an off-track event is held. The fee must reflect the com-  
5 mission's expected cost of approving, regulating, and monitoring the  
6 location. The amount of the fee collected shall be offset by the  
7 amount paid to the commission under AS 05.40.110(b). The commission  
8 may not refund any money under this subsection.

9 Sec. 05.40.110. COMMISSION'S SHARE OF GROSS RECEIPTS. (a) The  
10 holder of an off-track license shall pay to the commission on a daily  
11 basis for each authorized day of an off-track event the following  
12 applicable percentage of daily gross receipts based on the total gross  
13 receipts received from all approved locations for that licensee:

- 14 (1) two percent of the first \$100,000 of gross receipts;  
15 (2) three percent of gross receipts not described in (1) of  
16 this subsection.

17 (b) In addition to amounts paid to the commission under (a) of  
18 this section, the holder of an off-track license shall separately pay  
19 to the commission on a daily basis for each authorized day of an  
20 off-track event one percent of all gross receipts from exotic races.

21 (c) The commission shall deposit money received under this  
22 section into the general fund. The commission shall make separate  
23 deposits of money received under (b) of this section. The commis-  
24 sioner of administration shall separately account for money deposited  
25 by the commission that is designated by the commission as being re-  
26 ceived under (b) of this section. The legislature may appropriate  
27 one-half of the estimated balance of this separate account to benefit  
28 the Alaska State Fair and one-half of the estimated balance to benefit  
29 the municipalities in which off-track events are located.

1           Sec. 05.40.120. LICENSEE'S SHARE OF GROSS RECEIPTS. (a) The  
2 holder of an off-track license may retain for each authorized day of  
3 an off-track event the following applicable percentages of daily gross  
4 receipts based on the total gross receipts received from all approved  
5 locations for that licensee:

6           (1) 17 percent of the first \$100,000 of gross receipts;

7           (2) 16 percent of gross receipts not described in (1) of  
8 this subsection.

9           (b) In addition to the amounts retained by the licensee under  
10 (a) of this section, the licensee may retain four percent of the daily  
11 gross receipts from exotic races.

12           Sec. 05.40.190. PROHIBITED ACTS AND PENALTIES. (a) A person  
13 may not intentionally

14           (1) circulate handbooks related to off-track wagering;

15           (2) wager on an off-track event other than by the pari-  
16 mutuel method conducted by a person with an off-track license; or

17           (3) violate AS 05.40.100 - 05.40.190 or a regulation adopt-  
18 ed under AS 05.40.100 - 05.40.190.

19           (b) An off-track licensee may not intentionally

20           (1) retain more than the percentage of gross receipts  
21 provided for in AS 05.40.120; or

22           (2) compute breakage at points that are not multiples of  
23 \$.10.

24           (c) A violation of (a) or (b) of this section is a class A  
25 misdemeanor. In addition to penalties otherwise provided by law, the  
26 court may issue an order barring a person who violates (a) or (b) of  
27 this section from being at an off-track event conducted by a licensee  
28 under AS 05.40.100 - 05.40.190.

29           (d) Parimutuel wagering at an off-track event that is not

1 authorized under AS 05.40.100 - 05.40.190 is a public nuisance.

2 ARTICLE 3. GENERAL PROVISIONS.

3 Sec. 05.40.900. ADMINISTRATIVE PROCEDURE ACT. The operations of  
4 the commission are subject to the Administrative Procedure Act  
5 (AS 44.62).

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

8 Sec. 05.40.990. DEFINITIONS. In this chapter

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

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

14 (3) "exotic race" means a race involving a multiple wager;

15 (4) "off-track event" means an event during which a horse  
16 race can be viewed simultaneously at a location different from the  
17 location at which the race takes place and during which the viewers  
18 can use a parimutuel system to place wagers on the outcome of the race  
19 being viewed;

20 (5) "parimutuel" means a form of wagering on the outcome of  
21 horse races in which those who wager personally purchase tickets of  
22 various denominations on a horse and all wagers for each race are  
23 pooled and held by the race meet operator for distribution; when the  
24 outcome of the race has been decided, the race meet operator distrib-  
25 utes the percentage of the total wagers determined by the commission  
26 to holders of tickets on the winning horses.

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

28 (b) The Department of Public Safety shall investigate and ascer-  
29 tain whether the following persons have been charged with a crime set

1 out in AS 05.40.010(c)

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

4 (2) an applicant for employment with the Alaska Racing  
5 Commission.

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

7 (21) employees of the Alaska Racing Commission.

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

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

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

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

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

15 \* Sec. 7. This Act takes effect July 1, 1990.  
16  
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SENATE COMMITTEE REPORT

FURTHER

JUD L&C  
FIN

3/9/89

DATE TURNED INTO OFFICE 4-4-89

Mr. President:

C&RA

Committee considered CSHB 29 (L&C) am

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

and recommended

*+ repeats it back as follows*

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

*Previous  
of FN  
& FN*

FISCAL NOTE(S) *→ PUBLIC SAFETY*  zero *→ DEPT OF LAW; DEPT OF COMMERCE*  fiscal impact  appropriation no FN

new  updated  previous

same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*Mike Snyder*

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*Let Sanchez no rec*

*John - No Rec*

*Mike Sanchez - no rec*

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*Al Adams - DO NOT PASS*

Chairman signature and recommendation

Committee Backup attached

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1989

SUBJECT: Off-track Gambling  
CSHB 29( )

TO: Senator Bettye Fahrenkamp

FROM: Terri Lauterbach *TL*  
Legislative Counsel

Enclosed is a draft of a blank CS for HB 29. It includes the material on off-track gambling in a separate article, as you requested. It uses the material you submitted, with the following exceptions:

- (1) The structure of the Alaska Racing Commission as it already existed in HB 29 is used rather than setting up a separate commission for the off-track licensing.
- (2) I did not use the obviously unconstitutional 5-year durational residency requirement for persons who wish to be licensed to hold off-track events.
- (3) The attempted dedication of funds in the submitted material has been changed to the usual language requiring separate accounting for the funds and discretionary appropriation of the funds for the desired purpose.

I have not been able to contact Mr. Dirkin. Since you seem interested in having a draft as soon as possible, I am sending it to you now so that Mr. Dirkin can have the benefit of the actual language in front of him if you wish to have him review the bill.

Please let me know if I can be of further assistance.

TL:kb  
wkk2/059

Enclosure

## NEW SECTION 1 - DEFINITIONS

Unless the context otherwise requires, words and phrases as used herein shall mean:

"Commission" shall mean the Alaska Horse Racing Commission, hereinafter created.

"Person" shall mean and include individuals, firms, corporations and associations.

"Race meets" shall mean and include any exhibition of thoroughbred, quarter horse, paint, Appaloosa horse racing, Arabian horse racing, or standard bred horse racing, where the pari-mutuel system is used.

"Exotic Race" shall mean any race involving a multiple wager.

Singular shall include the plural, and the plural shall include the singular - and words importing one gender shall be regarded as including all other genders.

## NEW SECTION 2 - ALASKA HORSE RACING COMMISSION

There is hereby created the Alaska Horse Racing Commission to consist of one Commissioner, appointed by the Governor and confirmed by the Senate and House. The Commissioner shall be a citizen, resident, and qualified elector of the State of Alaska for the past five years. The term of the Commissioner shall be six years. Commissioner shall hold office until his or her successor is appointed and qualified. Vacancies in the office of Commissioner shall be filled by appointment to be made by the Governor for the unexpired term. Any Commissioner may be removed

at any time at the pleasure of the Governor. Before entering upon the duties of his or her office, the Commissioner shall enter into a surety company bond, to be approved by the Governor and the Attorney General, payable to the State of Alaska, in the penal sum of \$25,000, conditioned upon the faithful performance of the Commissioner's duties and the correct counting and payment of all sums received and coming within his or her control under this chapter, and in addition thereto the Commissioner shall take and subscribe to an oath of office of the same form as that prescribed by law for elected state officials.

NEW SECTION 3 - EX OFFICIO NONVOTING MEMBERS

In addition to the Commission member appointed under this act, there shall be two ex officio nonvoting members consisting of - (1) one member of the Senate, and (2) one member of the House of Representatives. The member from the Senate shall be appointed by the President of the Senate and the member from the House of Representatives shall be appointed by the Speaker of the House of Representatives. Appointment shall be for the term of two years or for the period in which the appointee serves as a legislator, whichever ever expires first. Members may be reappointed, and vacancies shall be filled in the same manner as original appointments are made. The ex officio member shall assist in the policy-making, rather than administrative, functions of the Commission, and shall collect data deemed essential to further legislative proposals and exchange information with the Commission. The ex officio member shall be deemed engaged in

legislative business while in attendance upon the business of the Commission and shall be limited to such allowances as provided by law. Expenses of the ex officio members shall be paid from the Commission fund as being expenses relative to Commission business.

NEW SECTION 4 - COMMISSION ORGANIZATION -  
SECRETARY - RECORDS - ANNUAL REPORTS

Upon being appointed by the Governor, the Commissioner shall hire an employee secretary, and such other clerical, office, and other help as is necessary in the performance of the duties imposed upon it by this chapter. The Commission shall keep detailed records of all meetings and of the business transacted therein, and of all the collections and disbursements. The Commission shall prepared and submit an annual report to the Governor and Legislature. All records of the Commission shall be public records and as such subject to public inspection.

NEW SECTION 5 - COMMISSIONER TO ISSUE LICENSES  
FOR PARI-MUTUEL BETTING

Pari-mutuel wagering and off-track satellite wagering are hereby authorized and it shall be the duty of the Commissioner, as soon as it is possible after organization to prepare and promulgate a complete set of rules and regulations to govern the pari-mutuel wagering of simulcast and satellite locations in this state. It shall be unlawful for any person to conduct simulcast or satellite pari-mutuel wagering without having first obtained and having in force and effect a license issued by the Commission as provided for in this chapter - and paying the fee which shall

be set by the Commissioner. Said license issued under this section shall be for a period of five years.

NEW SECTION 6 - COMMISSION TO REGULATE AND  
LICENSE MEETS - INSPECTION

The Commission created by this chapter is hereby authorized, and it shall be its duty, to license, regulate, and supervise all simulcast and satellite pari-mutuel wagering held in this state under the terms of this chapter, and to cause the various locations to be visited and inspected at least once a year.

NEW SECTION 7 - APPLICATION FOR ISSUANCE OF LICENSE

The Commissioner shall be the sole judge of whether or not the applicant shall be licensed. No person who has been convicted of any crime involving moral turpitude shall be issued a license, nor shall any license be issued to any person who has violated the terms or provisions of this chapter, or any of the rules and regulations of the Commission made pursuant thereto, or has failed to pay the Commission any or all sums required under the provisions of this chapter. No person who has not been a resident of the State of Alaska for at least five years immediately preceding the application shall be issued a license, nor shall any license be issued to an association or corporation unless a majority of their stockholders have been residents of the State of Alaska for the past five years. Any unexpired license held by any person who violates any of the provisions of this chapter, or any of the rules or regulations of the Commission made pursuant thereto, or who fails to pay to the Commission

any and all sums required under the provisions of this chapter, shall be subject to cancellation and revocation by the Commission. Such cancellation shall be made only after a summary hearing before the Commission, of which three days' notice, in writing, shall be given to the licensee, specifying the grounds for the proposed cancellation, and at which hearing the licensee shall be given an opportunity to be heard in opposition to the proposed cancellation.

NEW SECTION 8 - PROHIBITIVE PRACTICES -  
PARI-MUTUEL SYSTEM PERMITTED

(1) It shall be unlawful -

(a) To conduct pool selling, bookmaking, or to circulate handbooks - or,

(b) To bet or wager on any horse race other than by the pari-mutuel method - or,

(c) For any licensee to take more than the percentage provided in New Section 12 of this act - or,

(d) For any licensee to compute breaks in the pari-mutuel system otherwise than at 10¢.

(2) Any willful violation of the terms of this chapter, or of any rule, regulation, or order of the Commission shall constitute a gross misdemeanor and when such violation is by a person holding a license under this chapter, the Commission may cancel the license held by the offender, and such cancellation shall operate the forfeiture of all rights and privileges granted by the Commission and of all sums of money paid to the Commission by

the offender; and the action of the Commission in this respect shall be final.

(3) The Commission shall have the power to exclude from any and all pari-mutuel wagering locations in the State of Alaska any person whom the Commission deems detrimental to the best interests of racing or any person who willfully violates any of the provisions of this chapter or of any rule, regulation, or order issued by the Commissioner.

(4) Every pari-mutuel wagering, simulcasting or satellite reception held in this state contrary to the provisions of this chapter is hereby declared to be a public nuisance.

(5) Except as provided in this act the state preempts the field of imposing taxes on pari-mutuel wagering authorized under this act.

NEW SECTION 9 - GROSS RECEIPTS AND FEES -  
COMMISSION PERCENTAGE - DISPOSITION

In addition to the license fees required by this chapter, the licensee shall pay to the Commission the percentage of gross receipts of all pari-mutuel machines at each race track in accordance with New Section 11, which sum shall be paid daily to the Commission.

NEW SECTION 10 - SATELLITE LOCATIONS - PARI-MUTUEL WAGERING

The Commission's authority to approve satellite wagering is subject to the following limitations -

(1) The Commission shall approve only one satellite license for each two hundred thousand population. The satellite licensee

may, however, with the Commission approval have multiple locations throughout the State of Alaska.

(2) Subject to local land use ordinances, the Commission shall be the sole judge of whether approval to conduct wagering at a satellite location shall be granted.

(3) The licensee shall combine the pari-mutuel pool of the satellite locations for the purpose of determining odds and computing payoffs.

NEW SECTION 11 - SATELLITE WAGERS -  
GROSS RECEIPTS - COMMISSION PERCENTAGE

(1) The licensee shall pay to the Commission daily for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers on all races -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall pay to the Commission two percent of the daily gross receipts of pari-mutuel machines from satellite wagers;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall pay the Commission three percent on daily gross receipts exceeding one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee shall pay daily to the Commission an addition one percent of gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) As used in this section, exotic races means any multiple wager.

NEW SECTION 12 - SATELLITE WAGERS -  
GROSS RECEIPTS - LICENSEES PERCENTAGE

(1) The licensee may retain for each authorized day of racing the following applicable percentages of all daily gross receipts of all pari-mutuel machines from satellite wagers -

(a) On a daily handle of one hundred thousand dollars (\$100,000.00) or less, the licensee shall retain seventeen percent of such gross receipts;

(b) On a daily handle of one hundred thousand and one dollars (\$100,001.00) or more, the licensee shall retain sixteen percent of such gross receipts in excess of one hundred thousand dollars (\$100,000.00).

(2) In addition to the amounts set forth in subsection (1) of this section, the licensee may retain an additional four percent of the daily gross receipts on all pari-mutuel machines from satellite wagers on exotic races.

(3) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska State Fair. To carry out the intent of this section, the State Treasurer is hereby authorized and directed to create a State Fair Fund within the General Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated State Fair Fund.

(4) Of the amounts retained in subsection (2) of this section, one-half percent shall be used to benefit the Alaska cities and/or burroughs<sup>40</sup> in which satellite locations are established to carry out the intent of this section, the State Treasurer is hereby authorized and directed to create within the General Fund a Municipal and/or Burrough Satellite Fund and the Commissioner is hereby authorized and directed to deposit such funds derived from this section in the designated Municipal and Burrough Satellite Fund.

The funds created by subsection (3) and (4) shall be distributed by the Commissioner based upon a formula arrived at after consulting with representatives of Alaska cities and burroughs and state fairs.

NEW SECTION 13 - SATELLITE LOCATIONS - FEES

The Commission is authorized to establish and collect an annual fee for each separate satellite location. The fee to be collected from the licensee shall be set to reflect the Commission's expected costs of approving, regulating, and monitoring each satellite location, provided Commission revenues generated under New Section 11(2) from the licensee shall be credited annually towards the licensee's fee assessment under this section.

NEW SECTION 14 - SEVERABILITY

In case any part of portion of this chapter shall be held unconstitutional, such holding shall not effect the validity of this chapter as a whole or any other part or portion of this

chapter not adjudged unconstitutional. All acts and conflict  
herewith are hereby repealed.

6-0151J  
Lauterbach  
2/27/89

Original sponsors: Larson, Zawacki,  
and Menard

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 29 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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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 race meets, including  
28 regulations governing

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

1 of licenses and special permits;

2 (B) the immediate suspension of a license or special  
3 permit during an investigation of a violation of this chapter or  
4 a regulation adopted under 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, race horses, and the  
19 location of off-track events;

20 (4) establish racing dates and durations;

21 (5) sanction horse racing and off-track events within  
22 municipalities at locations approved by the commission;

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

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

27 (8) keep detailed records of all race meets and off-track  
28 events and of all collections and disbursements from race meets and  
29 off-track events;

1 (9) supervise the making and distribution of parimutuel  
2 pools for race meets and off-track events; and

3 (10) adopt regulations implementing AS 05.40.200 - 05.40.-  
4 290.

5 (b) The commission may

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

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

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

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

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

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

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

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

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

27 ARTICLE 2. RACE MEETS.

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

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

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

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

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

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

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

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

23 (1) a majority of the voters in the municipality has ap-  
24 proved a referendum authorizing parimutuel wagering on horse races and  
25 providing for municipal licensing of race meets within the municipal-  
26 ity; and

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

1           Sec. 05.40.130. DISTRIBUTION OF PARIMUTUEL POOL. (a) Except as  
2 provided in (b) and (c) of this section, the parimutuel pool for a  
3 race meet shall be 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 for a race meet but not claimed within six months  
15 after the date for distribution of the parimutuel pool shall be paid  
16 to the commission 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 Sec. 05.40.160. PROHIBITED ACTS AND PENALTIES. (a) It is a  
4 class A misdemeanor to

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

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

10 (3) place a wager upon the results of a horse race in a  
11 race meet except by a parimutuel method of wagering conducted by a  
12 race meet operator licensed under this chapter, and upon the grounds  
13 or enclosure of the race meet operator, except as authorized under  
14 AS 05.40.200 - 05.40.290;

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

17 (b) Violation of a regulation or provision of AS 05.40.010 -  
18 05.40.160 with intent to affect the outcome of a horse race is a class  
19 C felony.

20 ARTICLE 3. OFF-TRACK EVENTS.

21 Sec. 05.40.200. OFF-TRACK LICENSE. (a) A person may not con-  
22 duct parimutuel wagering at an off-track event without an off-track  
23 license issued by the commission. An off-track license is valid for  
24 five years unless canceled by the commission under (c) of this sec-  
25 tion.

26 (b) The commission may not issue an off-track license to a  
27 person who has

28 (1) been convicted of a crime involving moral turpitude;

29 (2) violated a provision of this chapter or a regulation

1 adopted under this chapter;

2 (3) failed to pay the license fee set by the commission.

3 (c) The commission may cancel an off-track license if the li-  
4 censee intentionally violates a provision of this chapter or a regu-  
5 lation adopted under this chapter.

6 (d) The commission may not approve more than one off-track  
7 license per 200,000 in state population. The commission may approve  
8 multiple locations for the operations of an off-track licensee. If  
9 multiple locations are approved for a licensee, the licensee shall  
10 combine the wagers placed at all locations in order to determine odds  
11 and compute payoffs in one parimutuel pool.

12 (e) The commission may establish an annual fee for each location  
13 at which an off-track event is held. The fee must reflect the com-  
14 mission's expected cost of approving, regulating, and monitoring the  
15 location. The amount of the fee collected shall be offset by the  
16 amount paid to the commission under AS 05.40.210(b). The commission  
17 may not refund any money under this subsection.

18 Sec. 05.40.210. COMMISSION'S SHARE OF GROSS RECEIPTS. (a) The  
19 holder of an off-track license shall pay to the commission on a daily  
20 basis for each authorized day of an off-track event the following  
21 applicable percentage of daily gross receipts based on the total gross  
22 receipts received from all approved locations for that licensee:

23 (1) two percent of the first \$100,000 of gross receipts;

24 (2) three percent of gross receipts not described in (1) of  
25 this subsection.

26 (b) In addition to amounts paid to the commission under (a) of  
27 this section, the holder of an off-track license shall separately pay  
28 to the commission on a daily basis for each authorized day of an  
29 off-track event one percent of all gross receipts from exotic races.

1 (c) The commission shall deposit money received under this  
2 section into the general fund. The commission shall make separate  
3 deposits of money received under (b) of this section. The commis-  
4 sioner of administration shall separately account for money deposited  
5 by the commission that is designated by the commission as being re-  
6 ceived under (b) of this section. The legislature may appropriate  
7 one-half of the estimated balance of this separate account to benefit  
8 the Alaska State Fair and one-half of the estimated balance to benefit  
9 the municipalities in which off-track events are located.

10 Sec. 05.40.220. LICENSEE'S SHARE OF GROSS RECEIPTS. (a) The  
11 holder of an off-track license may retain for each authorized day of  
12 an off-track event the following applicable percentages of daily gross  
13 receipts based on the total gross receipts received from all approved  
14 locations for that licensee:

15 (1) 17 percent of the first \$100,000 of gross receipts;

16 (2) 16 percent of gross receipts not described in (1) of  
17 this subsection.

18 (b) In addition to the amounts retained by the licensee under  
19 (a) of this section, the licensee may retain four percent of the daily  
20 gross receipts from exotic races.

21 Sec. 05.40.290. PROHIBITED ACTS AND PENALTIES. (a) A person  
22 may not intentionally

23 (1) circulate handbooks;

24 (2) wager on an off-track event other than by the pari-  
25 mutuel method conducted by a person with an off-track license; or

26 (3) violate AS 05.40.200 - 05.40.290 or a regulation adopt-  
27 ed under AS 05.40.200 - 05.40.290.

28 (b) An off-track licensee may not intentionally

29 (1) retain more than the percentage of gross receipts

1 provided for in AS 05.40.220; or

2 (2) compute breakage at points that are not multiples of  
3 \$.10.

4 (c) A violation of (a) or (b) of this section is a class A  
5 misdemeanor. In addition to penalties otherwise provided by law, the  
6 court may issue an order barring a person who violates (a) or (b) of  
7 this section from being at an off-track event conducted by a licensee  
8 under AS 05.40.200 - 05.40.290.

9 (d) Parimutuel wagering at an off-track event that is not au-  
10 thorized under AS 05.40.200 - 05.40.290 is a public nuisance.

11 ARTICLE 4. GENERAL PROVISIONS.

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

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

17 Sec. 05.40.990. DEFINITIONS. In this chapter

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

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

23 (3) "exotic race" means a race involving a multiple wager;

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

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

29 (6) "off-track event" means an event during which a horse