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Martin  
4/5/17

**CS FOR SENATE BILL NO. 78( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**THIRTIETH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS BISHOP, Hoffman, Stedman, Meyer, Dunleavy, von Imhof, Stevens, Hughes,  
Micciche**

**A BILL**

**FOR AN ACT ENTITLED**

**"An Act creating the education endowment fund and the dividend raffle fund;  
authorizing donations from the permanent fund dividend for educational purposes and  
to enter the permanent fund dividend raffle; relating to transfers from the dividend  
raffle fund and the education endowment fund; relating to the definition of 'gambling';  
and providing for an effective date."**

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

**\* Section 1.** AS 11.66.280(3) is amended to read:

(3) "gambling" means that a person stakes or risks something of value  
upon the outcome of a contest of chance or a future contingent event not under the  
person's control or influence, upon an agreement or understanding that that person or  
someone else will receive something of value in the event of a certain outcome;  
"gambling" does not include

(A) bona fide business transactions valid under the law of

contracts for the purchase or sale at a future date of securities or commodities and agreements to compensate for loss caused by the happening of chance, including contracts of indemnity or guaranty and life, health, or accident insurance;

(B) playing an amusement device that

(i) confers only an immediate right of replay not exchangeable for something of value other than the privilege of immediate replay and does not contain a method or device by which the privilege of immediate replay may be cancelled or revoked;

(ii) confers only tickets, credits, allowances, tokens, or anything of value that can be redeemed for toys, candy, or electronic novelties offered at the same facility where the amusement device is located; or

(iii) allows a player to manipulate a claw machine or similar device within an enclosure and enables a person to receive merchandise directly from the machine; [OR]

(C) an activity authorized by the Department of Revenue under AS 05.15; or

**(D) the permanent fund dividend raffle authorized under AS 43.23.064;**

\* **Sec. 2.** AS 43.23 is amended by adding new sections to read:

**Sec. 43.23.063. Education endowment fund.** (a) The education endowment fund is established as a separate account in the general fund. The fund consists of appropriations from

- (1) donations to the fund under AS 43.23.064(b);
- (2) transfers to the fund under AS 43.23.064(c);
- (3) interest earned on the fund; and
- (4) any other money appropriated to the fund.

(b) The commissioner is the fiduciary of the fund. In managing the fund, the commissioner shall

- (1) have the same powers and duties as provided in AS 37.10.071; and

(2) invest the fund in a manner likely to achieve at least a four percent nominal return over a five-year period to meet the objectives of the fund.

(c) In managing the fund, the commissioner shall

(1) consider the status of the fund's capital and the income generated on both current and probable future bases;

(2) determine the appropriate investment objectives;

(3) establish investment policies to achieve the objectives; and

(4) act only in regard to the best financial interests of the fund.

(d) On July 1 of each year, the commissioner shall

(1) determine the fund balance for the previously closed fiscal year, including the earnings of the fund; and

(2) when the average market value for that fiscal year exceeds \$1,000,000,000, transfer 4.5 percent of the average fiscal-year-end market value of the balance of the fund for the last five fiscal years, including the fiscal year just ended, and including any unrealized gains and losses, to the public education fund established in AS 14.17.300, subject to appropriation.

(e) Money appropriated to the fund does not lapse.

**Sec. 43.23.064. Dividend raffle fund; dividend donations to the dividend raffle fund; drawing.** (a) The dividend raffle fund is established as an account in the general fund. The commissioner shall manage the fund. Interest and other income received on money in the fund shall be separately accounted for and shall be appropriated to the fund. The fund consists of donations appropriated to the fund under (c) of this section. The commissioner shall use the dividend raffle fund, without further appropriation, to pay for prizes as set out in (d) of this section and may use up to two percent of the balance of the fund but not more than \$500,000 from the fund each fiscal year to pay the cost of administering the fund and for promotion and advertisement of the fund. When the balance of the dividend raffle fund exceeds \$500,000,000 at the end of a fiscal year, the commissioner shall transfer the amount above \$500,000,000 to the education endowment fund established in AS 43.23.063. Money donated to the fund does not lapse.

(b) Notwithstanding AS 43.23.069, the department shall provide on the Alaska

1 permanent fund dividend application an option for an applicant who is 18 years of age  
2 or older to direct that all or a portion of the applicant's dividend payment be donated  
3 for educational purposes and to enter the permanent fund dividend raffle as provided  
4 in (c) of this section. A donation under this section may be \$100 or more, in  
5 increments of \$100, up to the total amount of the permanent fund dividend that the  
6 applicant is entitled to receive.

7 (c) Of the donations received in a year under (b) of this section, the legislature  
8 shall appropriate 25 percent to the education endowment fund established in  
9 AS 43.23.063 and shall appropriate 25 percent to the dividend raffle fund. The  
10 legislature shall appropriate the remaining 50 percent of the donations received under  
11 (b) of this section to the public education fund established in AS 14.17.300.

12 (d) At the beginning of each year, the commissioner shall conduct a public  
13 drawing to award prizes from the dividend raffle fund. Each \$100 donation as  
14 provided in (b) of this section entitles a person to one entry into the raffle. The prizes  
15 for the raffle shall be as follows:

16 (1) the first name drawn receives an amount equal to 10 percent of the  
17 balance of the dividend raffle fund;

18 (2) the second name drawn receives an amount equal to five percent of  
19 the balance of the dividend raffle fund;

20 (3) the third name drawn receives an amount equal to three percent of  
21 the balance of the dividend raffle fund; and

22 (4) the fourth name drawn receives an amount equal to two percent of  
23 the balance of the dividend raffle fund.

24 (e) Nothing in this section creates a dedicated fund.

25 \* **Sec. 3.** This Act takes effect January 1, 2018.