

CS FOR SENATE BILL NO. 170(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR BJORKMAN

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to gaming; relating to gaming activities on Alaska marine highway**
2 **system vessels; relating to bingo; relating to pull-tabs and electronic pull-tab systems;**
3 **relating to the powers of the Department of Transportation and Public Facilities;**
4 **relating to the Alaska marine highway system fund; and providing for an effective**
5 **date."**

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

7 *** Section 1.** AS 05.15.020 is amended by adding a new subsection to read:

8 (d) The annual permit fee to conduct gaming activities on a vessel of the
9 Alaska marine highway system under AS 05.15.310 is \$10,000.

10 *** Sec. 2.** AS 05.15.030(a) is amended to read:

11 (a) [AT THE TIME OF FILING AN APPLICATION FOR A PERMIT OR
12 LICENSE UNDER THIS CHAPTER, THE APPLICANT SHALL NOTIFY THE
13 CITY OR BOROUGH NEAREST TO THE LOCATION OF THE PROPOSED

1 ACTIVITY OF THE APPLICATION.] A local government unit may protest the
 2 conduct of the activity in its jurisdiction by resolution stating the reasons for the
 3 protest filed with the department; protests are limited to the lack of qualifications
 4 prescribed by this chapter. This resolution is only a recommendation by the local
 5 government that may be considered by the department in determining whether to issue
 6 or refuse to issue a permit or license.

7 * **Sec. 3.** AS 05.15.030(c) is amended to read:

8 (c) If a permittee or licensee changes the location of an activity in the
 9 jurisdiction for which a permit has been issued, the permittee shall notify the
 10 department [AND THE LOCAL GOVERNMENT] within 10 days after moving to the
 11 new location.

12 * **Sec. 4.** AS 05.15.060(a) is amended to read:

13 (a) The department shall adopt regulations under AS 44.62 (Administrative
 14 Procedure Act) necessary to carry out this chapter covering [, BUT NOT LIMITED
 15 TO,]

16 (1) the issuance, renewal, and revocation of permits, licenses, and
 17 vendor registrations;

18 (2) a method of ascertaining net proceeds, the determination of items
 19 of expense that may be incurred or paid, and the limitation of the amount of the items
 20 of expense to prevent the proceeds from the activity permitted from being diverted to
 21 noncharitable, noneducational, nonreligious, or profit-making organizations,
 22 individuals, or groups;

23 (3) the immediate revocation of permits, licenses, and vendor
 24 registrations authorized under this chapter if this chapter or regulations adopted under
 25 it are violated;

26 (4) the requiring of detailed, sworn, financial reports of operations
 27 from permittees and licensees including detailed statements of receipts and payments;

28 (5) the investigation of permittees, licensees, registered vendors, and
 29 their employees, including the fingerprinting of those permittees, licensees, registered
 30 vendors, and employees whom the department considers it advisable to fingerprint;

31 (6) the method and manner of conducting authorized activities and

1 awarding of prizes or awards, and the equipment that may be used;

2 (7) the number of activities that may be held, operated, or conducted
3 under a permit during a specified period; however, the department may not allow more
4 than 14 bingo sessions a month and 35 bingo games a session to be conducted under a
5 permit; the holders of a multiple-beneficiary permit under AS 05.15.100(d) may hold,
6 operate, or conduct the number of sessions and games a month equal to the number
7 allowed an individual permittee a month multiplied by the number of holders of the
8 multiple-beneficiary permit;

9 (8) a method of accounting for receipts and disbursements by
10 operators, including the keeping of records and requirements for the deposit of all
11 receipts in a bank;

12 (9) the disposition of funds in possession of a permittee, a person,
13 municipality, or qualified organization that possesses an operator's license, or a
14 registered vendor at the time a permit, a license, or a vendor registration is
15 surrendered, revoked, or invalidated;

16 (10) restrictions on the participation by employees of the Department
17 of Fish and Game in salmon classics, king salmon classics, and big bull moose
18 derbies, and by employees of Douglas Island Pink and Chum in king salmon classics;

19 (11) establishment of standards for online ticket sales under
20 AS 05.15.640(d) to ensure compliance with charitable gaming laws, including age and
21 location verification requirements;

22 **(12) gaming activities on vessels of the Alaska marine highway**
23 **system;**

24 **(13)** [(12)] other matters the department considers necessary to carry
25 out this chapter or protect the best interest of the public.

26 * **Sec. 5.** AS 05.15.070 is amended to read:

27 **Sec. 05.15.070. Investigations; examination [EXAMINATION] of books**
28 **and records. The department may investigate licensed and unlicensed gaming**
29 **operations and administer civil penalties for violations of this chapter.** The
30 department may examine or have examined the books and records of a permittee, an
31 operator, a registered vendor, or a person licensed to manufacture or to distribute pull-

1 tab games or electronic pull-tab systems in the state. The department may issue
2 subpoenas for the attendance of witnesses and the production of books, records, and
3 other documents.

4 * **Sec. 6.** AS 05.15.080(b) is amended to read:

5 (b) A municipality or a qualified organization issued a permit under this
6 chapter shall file an annual report with the department by March 15 of the year
7 following the year in which activities were conducted, accompanied by the payment of
8 the additional fee, as may be required under AS 05.15.020(b). The report must list the
9 types of activities conducted, and, for each activity, the total amount of gross receipts,
10 the total amount of authorized expenses, the total value of prizes awarded, and the
11 total amount of net proceeds. The report must also list the source and monetary
12 value of marketing or promotional material received from a distributor.

13 * **Sec. 7.** AS 05.15.083 is amended to read:

14 **Sec. 05.15.083. Reports to department by operators.** (a) An operator shall
15 file a report with the department by the last business day of the month following each
16 calendar quarter in which an activity was conducted. The report must include, for each
17 authorizing permittee on whose behalf an activity was conducted during the quarter,
18 [THE DATE AND LOCATION OF EACH ACTIVITY,] the type of activity
19 conducted, the amount of gross receipts, [THE AMOUNT OF AUTHORIZED
20 EXPENSES,] the value of prizes [AWARDED], the amount of net proceeds paid, and
21 other information the department may require [; A COMPLETED INTERNAL
22 REVENUE SERVICE FORM 941; AND A COPY OF THE OPERATOR'S
23 EMPLOYER CONTRIBUTIONS AND WAGE REPORTS SUBMITTED TO THE
24 DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT FOR THE
25 QUARTER]. However, if the only activity conducted by an operator during the
26 calendar quarter is a raffle or lottery, then the operator is not required to file a report
27 under this subsection until the raffle or lottery is completed.

28 (b) An operator shall file an annual report with the department **not** [NO] later
29 than February 28 of the year following the year in which activities were conducted.
30 The report must include, for each authorizing permittee on whose behalf an activity
31 was conducted, the types of activities conducted, the total amount of gross receipts,

1 [THE TOTAL AMOUNT OF AUTHORIZED EXPENSES,] the total value of prizes
2 [AWARDED], and the total amount of net proceeds paid to each authorizing
3 permittee. [THE ANNUAL REPORT MUST ALSO INCLUDE A COMPLETED
4 INTERNAL REVENUE SERVICE FORM W-2 FOR EACH PERSON EMPLOYED
5 BY THE OPERATOR DURING THE PRECEDING YEAR.]

6 * **Sec. 8.** AS 05.15.087(a) is amended to read:

7 (a) An operator shall file a monthly report with each authorizing permittee for
8 which the operator has conducted an activity during the preceding month. The report
9 must include a [DAILY] summary of activity conducted under the permit issued to the
10 authorizing permittee and an accounting of gross receipts, **prize payouts**
11 [EXPENSES], and net proceeds for the month. A check **or electronic funds transfer**
12 in the amount of the net proceeds due to the authorizing permittee for the month must
13 accompany the report. The operator shall file the report by the 15th day after the end
14 of the month covered by the report.

15 * **Sec. 9.** AS 05.15.105(b) is amended to read:

16 (b) The department shall adopt regulations that provide that a disqualification
17 of a person under (a) of this section based **on** [UPON] a conviction of that person **or a**
18 **person described in (c) of this section** for a violation

19 (1) of a law of this state that is, or a law or ordinance of another
20 jurisdiction that would be if it was committed in this state, a class B felony other than
21 extortion, a class C felony, or an unclassified felony described outside of AS 11, and
22 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates 10
23 years after the person's conviction;

24 (2) of a law or ordinance of this state or another jurisdiction that is a
25 crime involving theft or dishonesty or a violation of gambling laws, and that is not, or
26 would not be if it was committed in this state, an unclassified felony described in
27 AS 11, a class A felony, or extortion, terminates 10 years after the person's conviction,
28 if the department determines that the

29 (A) person is of good character, honesty, and integrity; and

30 (B) person's involvement in charitable gaming is not against the
31 public interest.

1 * **Sec. 10.** AS 05.15.105 is amended by adding a new subsection to read:

2 (c) The department may not issue a license to a manufacturer or distributor if a
3 parent company, sister company, or subsidiary of the manufacturer or distributor has
4 been convicted of a violation of a law that would disqualify the parent company, sister
5 company, or subsidiary under (a) of this section.

6 * **Sec. 11.** AS 05.15.115(b) is amended to read:

7 (b) The contract between an authorizing permittee and an operator must
8 include the amount and form of compensation to be paid to the operator, the term of
9 the contract, the activities to be conducted by the operator on behalf of the permittee,
10 the location where the activities are to be conducted, the name and address of the
11 member in charge, and other provisions the department may require. **A contract**
12 **between an authorizing permittee and an operator may allow the operator to**
13 **pool together permittees and divide the gaming income and payouts among**
14 **permittees on a percentage basis to be determined at the end of each month.**

15 * **Sec. 12.** AS 05.15.115(d) is amended to read:

16 (d) **An operator** [A PERMITTEE] shall **electronically** submit [BY
17 CERTIFIED MAIL] to the department for approval a copy of each contract with **a**
18 **permittee** [AN OPERATOR] with whom the **operator** [PERMITTEE] contracts to
19 conduct activities subject to this chapter. The contract must meet the requirements of
20 this section. The department shall approve or disapprove the contract. If the contract is
21 disapproved, reasons for the disapproval shall be provided in writing to the **operator**
22 [PERMITTEE]. Activities may not be conducted under the contract before the
23 contract is approved. Subsequent amendments to an approved contract do not take
24 effect until the amendments are approved by the department.

25 * **Sec. 13.** AS 05.15.122 is amended by adding new subsections to read:

26 (e) An operator licensed under this section may conduct electronic pull-tab
27 activities on behalf of a municipality or a qualified organization only if the department
28 has issued a separate electronic pull-tab endorsement to the operator's license for
29 electronic pull-tab systems. The department may issue an electronic pull-tab
30 endorsement if

31 (1) the operator has filed all reports required under AS 05.15.087;

1 (2) the operator's license has not been revoked by the department in the
2 immediately preceding five years; and

3 (3) the operator has conducted pull-tab games for at least the preceding
4 three years.

5 (f) If an operator that is a natural person dies, the estate of the operator may
6 designate a temporary responsible party to conduct activities authorized by the
7 operator's license for 120 days after the death of the operator.

8 * **Sec. 14.** AS 05.15.122(e), enacted by sec. 13 of this Act, is amended to read:

9 (e) An operator licensed under this section may conduct electronic pull-tab
10 activities on behalf of a municipality or a qualified organization only if the department
11 has issued a separate electronic pull-tab endorsement to the operator's license for
12 electronic pull-tab systems. The department may issue an electronic pull-tab
13 endorsement if

14 (1) the operator has filed all reports required under AS 05.15.087; **and**

15 (2) the operator's license has not been revoked by the department in the
16 immediately preceding five years [; AND

17 (3) THE OPERATOR HAS CONDUCTED PULL-TAB GAMES
18 FOR AT LEAST THE PRECEDING THREE YEARS].

19 * **Sec. 15.** AS 05.15.128(a) is amended to read:

20 (a) The department shall revoke

21 **(1)** the license of an operator who does not [(1) REPORT AN
22 ADJUSTED GROSS INCOME OF AT LEAST 15 PERCENT OF GROSS INCOME
23 ANNUALLY BASED ON THE TOTAL OPERATION OF THE OPERATOR; OR
24 (2)] pay to each authorizing permittee annually at least 30 percent of the adjusted
25 gross income [, AS DETERMINED UNDER (1) OF THIS SUBSECTION,] from a
26 pull-tab activity or at least 10 percent of the adjusted gross income [, AS
27 DETERMINED UNDER (1) OF THIS SUBSECTION,] from a gaming activity other
28 than pull-tabs [,] received from activities conducted on behalf of the authorizing
29 permittee;

30 **(2) a multiple-beneficiary permit if payments under the multiple-**
31 **beneficiary permit to the holders of the multiple-beneficiary permit do not**

1 **annually total at least 30 percent of the adjusted gross income from a pull-tab**
2 **activity or at least 10 percent of the adjusted gross income from a gaming activity**
3 **other than pull-tabs received from activities conducted on behalf of the**
4 **authorizing multiple-beneficiary permit.**

5 * **Sec. 16.** AS 05.15.165(a) is amended to read:

6 (a) An operator shall pay net proceeds to the authorizing permittee by check
7 **or electronic funds transfer.**

8 * **Sec. 17.** AS 05.15.165(c) is amended to read:

9 (c) The operator shall post in a public place on the premises where the
10 activities are conducted the operator's license and a copy of the permit of each
11 authorizing permittee with whom the operator has a contract to conduct activities at
12 the location. **A sign posted on the premises that directs individuals to an**
13 **operator's Internet website or landing page satisfies the requirements of this**
14 **subsection if the posted sign states that the information required by this**
15 **subsection is contained on the Internet website or landing page and the Internet**
16 **website or landing page contains the required information.**

17 * **Sec. 18.** AS 05.15.170(a) is amended to read:

18 (a) The department may suspend, for a period of up to one year, or revoke a
19 permit, license, or vendor registration, after giving notice to and an opportunity to be
20 heard by the permittee or licensee, if the permittee, licensee, or vendor

21 (1) violates or fails to comply with a requirement of this chapter or of a
22 regulation adopted under this chapter;

23 (2) breaches a contractual agreement with a permittee, licensee, or
24 registered vendor;

25 (3) becomes disqualified to participate in charitable gaming as
26 provided in AS 05.15.105; for the purposes of this paragraph, a permittee, licensee, or
27 vendor that is not a natural person is considered convicted if an owner or manager of
28 the permittee **or an owner or manager of a parent company, sister company, or**
29 **subsidiary of the** [,] licensee [,] or vendor is convicted;

30 (4) knowingly submits false information to the department or, in the
31 case of a registered vendor, to a permittee when the vendor knows that the false

1 information will be submitted to the department as part of an application for
2 registration; or

3 (5) gives or acts on [UPON] any inside information on the status of the
4 prizes awarded or to be awarded in a pull-tab game.

5 * **Sec. 19.** AS 05.15.170 is amended by adding new subsections to read:

6 (c) When a permit, license, or vendor registration is suspended or revoked, the
7 department shall notify an operator that conducts an activity on behalf of or a
8 distributor that supplies the permittee, vendor, or licensee that the permit has been
9 suspended or revoked. The notification must be in the form of electronic mail and a
10 message transmitted through a website created for the purpose of allowing citizens to
11 interact with multiple state services through a single username and password.

12 (d) When a license of a distributor is suspended or revoked, the department
13 shall notify a manufacturer that supplies the distributor that the distributor has had the
14 license suspended or revoked. The notification must be in the form of electronic mail
15 and a message transmitted through an Internet website created for the purpose of
16 allowing citizens to interact with multiple state services through a single username and
17 password.

18 * **Sec. 20.** AS 05.15.180(b) is amended to read:

19 (b) With the exception of raffles, lotteries, bingo games, pull-tab games,
20 electronic pull-tabs, freeze-up classics, race classics, rain classics, goose classics,
21 mercury classics, deep freeze classics, dog mushers' contests, snow classics, snow
22 machine classics, canned salmon classics, salmon classics, animal classics, crane
23 classics, cabbage classics, Calcutta pools, big bull moose derbies, and king salmon
24 classics, a permit may not be issued for an activity under this chapter unless it existed
25 in the state in substantially the same form and was conducted in substantially the same
26 manner before January 1, 1959. A permit may not be issued for a snow machine
27 classic under this chapter unless it has been in existence for at least five years before
28 the permit is issued. A permit may not be issued for an animal classic under this
29 chapter unless it was in existence before November 1, 2002.

30 * **Sec. 21.** AS 05.15.180(d) is amended to read:

31 (d) The total value of door prizes offered or awarded under authority of a

1 permit issued to a municipality or qualified organization under this chapter or under
2 authority of a multiple-beneficiary permit may not exceed \$40,000 [\$20,000] a month
3 or \$480,000 [\$240,000] a year.

4 * **Sec. 22.** AS 05.15.180(e) is amended to read:

5 (e) **The department shall adopt regulations that set prize amounts for**
6 **bingo games. The regulations must allow an operator of a bingo game to award**
7 **prizes of not more than \$10,000 in one bingo session and award a top prize of not**
8 **more than \$2,500 in a bingo game.** The total value of all door prizes offered or
9 awarded at a single facility or bingo hall or parlor by an operator on behalf of
10 authorizing permittees may not exceed \$40,000 [\$20,000] a month or \$480,000
11 [\$240,000] a year. **An operator of a bingo game may offer progressive bingo. A**
12 **progressive bingo game does not count toward the prize limitations in this**
13 **subsection. In a progressive bingo game,**

14 **(1) a portion of the gross receipts must be carried over to another**
15 **game if no player declares a valid bingo for a progressive prize or prizes based on**
16 **a predetermined and posted win determination;**

17 **(2) the portion of the prize that is not carried over must be**
18 **awarded to the first player or players who declare a valid bingo as additional**
19 **numbers are called; and**

20 **(3) the entire prize pool for that game must be awarded to the**
21 **winner or winners if a valid bingo is declared.**

22 * **Sec. 23.** AS 05.15.180(g) is amended to read:

23 (g) A municipality or a qualified organization may award a maximum of
24 \$2,000,000 in prizes each year in activities authorized under this chapter [;
25 HOWEVER, IF A MUNICIPALITY OR A QUALIFIED ORGANIZATION
26 CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF
27 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR
28 QUALIFIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN
29 PRIZES EACH YEAR]. A municipality or a qualified organization that conducts a
30 contest of skill and awards more than \$1,000,000 in prizes to the participants in that
31 contest of skill may exclude \$1,000,000 in prizes awarded to those participants from

1 the \$2,000,000 maximum allowed in this subsection. The holders of a multiple-
2 beneficiary permit under AS 05.15.100(d) may award a maximum in prizes each year
3 of \$2,000,000 times the number of holders of the permit for activities authorized under
4 this chapter. In this subsection, "activities authorized under this chapter" means all
5 activities subject to this chapter other than bingo and electronic pull-tabs.

6 * **Sec. 24.** AS 05.15.180 is amended by adding new subsections to read:

7 (i) A municipality or a qualified organization may award a maximum of
8 \$4,000,000 in prizes for electronic pull-tab games each year. The holders of a
9 multiple-beneficiary permit issued under AS 05.15.100(d) may award a maximum in
10 prizes each year of \$4,000,000 times the number of holders of the permit for activities
11 authorized under this chapter for electronic pull-tab games.

12 (j) Beginning in 2030, the department may by regulation increase the
13 monetary amounts in (g) and (i) of this section by up to 10 percent, rounded up to the
14 nearest \$10,000, once every five years.

15 * **Sec. 25.** AS 05.15.181(d) is amended to read:

16 (d) A pull-tab manufacturer may distribute pull-tabs only to a licensed pull-tab
17 distributor [UNLESS THE PULL-TAB MANUFACTURER IS ALSO A LICENSED
18 PULL-TAB DISTRIBUTOR].

19 * **Sec. 26.** AS 05.15.181 is amended by adding new subsections to read:

20 (f) A pull-tab manufacturer may not modify or pay another person to modify a
21 building to accommodate the installation of a gaming system, perform or pay another
22 person to perform electrical work necessary to install a gaming system, or provide a
23 utility connection for a gaming system.

24 (g) A pull-tab manufacturer, an owner or employee of a manufacturer, an
25 immediate family member of an owner or employee of a manufacturer, or a parent
26 company, sister company, or subsidiary of a manufacturer may not

27 (1) provide gifts, gratuities, premiums, or other things of value to a
28 vendor, operator, permittee, or qualified organization;

29 (2) accept gifts, gratuities, premiums, or other things of value from a
30 vendor, operator, permittee, or qualified organization or an owner, employee, or
31 immediate family member of an owner or employee of a vendor, operator, permittee,

1 or qualified organization.

2 (h) A pull-tab manufacturer may distribute to a distributor in this state an
3 electronic pull-tab system for use in the state only if the department has issued a
4 separate electronic pull-tab endorsement to the manufacturer's license. A pull-tab
5 manufacturer licensed in the state who manufactures electronic pull-tab systems for
6 use in the state shall submit, at the manufacturer's expense, the electronic pull-tab
7 system to an independent gaming testing laboratory approved by the department for
8 testing and certification before distribution. In this subsection, "manufacture" includes
9 the development, creation, and programming of any electronic device, hardware,
10 software, or computer systems used in the operation of a pull-tab or electronic pull-tab
11 system; "manufacture" does not include the development, creation, and programming
12 of standard hardware or software components.

13 (i) A pull-tab manufacturer may not distribute electronic pull-tabs to a
14 distributor if one of the following persons holds an ownership interest in the
15 distributor:

16 (1) the manufacturer;

17 (2) an owner or employee of the manufacturer;

18 (3) a family member related within two degrees of consanguinity to an
19 owner or employee of the manufacturer;

20 (4) a parent company, sister company, or subsidiary of the
21 manufacturer.

22 (j) A pull-tab manufacturer may refuse to sell gaming equipment or paper
23 pull-tabs to a licensed distributor that has been licensed and had gross annual sales in
24 the state exceeding \$500,000 for at least three years only if

25 (1) the distributor seeks to buy a specific paper pull-tab game being
26 sold exclusively to one distributor during the first five years of production as permitted
27 under (m) of this section;

28 (2) the manufacturer does not sell gaming equipment to any
29 distributors in the state;

30 (3) sale of the gaming equipment or paper pull-tabs is prohibited by
31 law or regulation;

1 (4) the distributor is delinquent on a payment owed to the
2 manufacturer or has a history of delinquent payments; or

3 (5) the distributor is owned, in whole or in part, by

4 (A) a manufacturer;

5 (B) the parent company, sister company, subsidiary, or
6 shareholder of a manufacturer;

7 (C) a parent, child, or sibling of an officer or manager of a
8 competing manufacturer.

9 (k) Subsection (j) does not apply to application software and computer
10 programs and equipment used by a licensed pull-tab manufacturer in the production,
11 playing, and reporting of approved electronic pull-tab games.

12 (l) A pull-tab manufacturer shall provide the same price points and quantity
13 requirements for paper pull-tabs to each distributor.

14 (m) A pull-tab manufacturer may make available a paper pull-tab game
15 exclusively to one distributor during the first five years of production of the game.
16 After five years of production, the manufacturer shall make the game available to all
17 distributors. However, the manufacturer may continue to make a paper pull-tab game
18 exclusively available to one distributor after five years of production if the distributor
19 sells the game only to a single licensee. A paper pull-tab game is exclusive to one
20 distributor only if the game contains significantly unique graphics. Minor changes
21 made to an existing pull-tab game do not create an exclusive game.

22 (n) A pull-tab manufacturer shall submit to the department a copy of each
23 contract with a distributor within seven days after signing.

24 (o) A pull-tab manufacturer may not obtain, use, share, or sell point-of-sale
25 data from paper tickets or bingo.

26 (p) The department may not issue a pull-tab manufacturer's license to a person
27 who is otherwise prohibited from involvement under AS 05.15.105.

28 (q) A pull-tab manufacturer may not connect the price or availability of a
29 paper pull-tab game to an electronic pull-tab or the price or availability of an
30 electronic pull-tab to a paper pull-tab game.

31 * **Sec. 27.** AS 05.15.183(a) is amended to read:

1 (a) A person may not distribute pull-tab games **or electronic pull-tab systems**
2 unless the person has received a pull-tab distributor's license issued by the department.
3 **The department may not issue a pull-tab distributor's license to a person licensed**
4 **as an operator or who otherwise participates in the conduct of an activity**
5 **authorized under this chapter on behalf of a municipality or qualified**
6 **organization. The department may not issue an electronic pull-tab endorsement**
7 **to a distributor's license to a manufacturer, or parent company, sister company,**
8 **or subsidiary of a manufacturer.**

9 * **Sec. 28.** AS 05.15.183(c) is amended to read:

10 (c) Pull-tabs **or electronic pull-tab systems** may be distributed only from a
11 location in the state. A person may not distribute pull-tabs **or electronic pull-tab**
12 **systems** directly to another person in the state from a location outside of this state.

13 * **Sec. 29.** AS 05.15.183(e) is amended to read:

14 (e) **A distributor may deliver an electronic pull-tab series to a computer**
15 **server at a vendor's location on behalf of a permittee authorized to conduct pull-**
16 **tab sales at the vendor's location.** A distributor may not

17 (1) take an order for the purchase of a pull-tab series from a vendor;

18 (2) sell a pull-tab series to a vendor; or

19 (3) deliver a pull-tab series to a vendor, **except an electronic pull-tab**
20 **series as expressly authorized in this subsection.**

21 * **Sec. 30.** AS 05.15.183 is amended by adding new subsections to read:

22 (f) A licensed distributor may distribute an electronic pull-tab system in the
23 state only if the department has issued a separate electronic pull-tab endorsement to
24 the distributor's license.

25 (g) The department may not issue a pull-tab distributor's license to a person
26 who is otherwise prohibited from involvement under AS 05.15.105.

27 (h) A distributor may not

28 (1) provide to a municipality or qualified organization, or an employee
29 or agent of a municipality or qualified organization, compensation, a gift, gratuity,
30 premium, or other thing of value in an amount greater than \$25 annually for each
31 organization;

1 (2) modify or pay another person to modify a building to accommodate
2 the installation of a gaming system, perform or pay another person to perform
3 electrical work necessary to install a gaming system, or provide a utility connection
4 for a gaming system;

5 (3) provide to an owner or lessor of a gaming premises compensation,
6 a gift, gratuity, premium, or other thing of value;

7 (4) participate in a gaming activity at a gaming premises that uses
8 gaming equipment purchased or leased from that distributor;

9 (5) alter or modify any gaming equipment, except to add a sticker
10 indicating the last ticket sold for a pull-tab game;

11 (6) obtain or use point-of-sale information for a paper pull-tab game or
12 bingo;

13 (7) connect the price or availability of a paper pull-tab game to an
14 electronic pull-tab or the price or availability of an electronic pull-tab to a paper pull-
15 tab game;

16 (8) be an owner or shareholder of a manufacturer, or a corporation that
17 owns a manufacturer, licensed under AS 05.15.181;

18 (9) distribute electronic pull-tabs from a manufacturer if a person
19 described in AS 05.15.181(i) holds an ownership interest in the distributor;

20 (10) distribute a pull-tab game to a permittee or licensee that is owned
21 or managed by a person that is related within two degrees of consanguinity to an
22 individual that owns or is employed by the distributor.

23 (i) A distributor may only distribute electronic pull-tabs that meet the
24 requirements of AS 05.15.186.

25 (j) A distributor may provide marketing, promotional, or point-of-sale items or
26 materials for the promotion of lawful gaming to a municipality or qualified
27 organization, operator, or multiple-beneficiary permittee for use at a premises where
28 gaming is conducted by holders of a license or permit under this chapter. The total
29 value of marketing, promotional, or point-of-sale items or materials that a distributor
30 provides to a municipality or qualified organization, operator, or multiple-beneficiary
31 permittee may not exceed \$250 a year. A distributor shall file an annual report with

1 the department by a date determined by the department that lists the value of items or
 2 materials provided under this subsection in the past year. The report must identify the
 3 physical locations where the items or materials will be used or displayed.

4 (k) A distributor shall submit to the department a copy of each contract with a
 5 permittee, multiple-beneficiary permittee, vendor, or operator within seven days after
 6 signing the contract.

7 (l) The department shall provide a serialized stamp to a distributor. The
 8 distributor shall register all gaming tablets with the department and shall affix the
 9 serialized stamp to the tablet.

10 (m) A contract between a distributor and a permittee

11 (1) must allow either party to terminate the contract without penalty
 12 with 30 days' notice;

13 (2) may not include an incentive or signing bonus;

14 (3) may not penalize a party based on the length of the term of the
 15 contract.

16 * **Sec. 31.** AS 05.15.185 is amended to read:

17 **Sec. 05.15.185. Distribution of pull-tab games.** Each series of pull-tabs
 18 distributed in the state must **have a serial number and** be sealed **or encrypted in a**
 19 **manner** [AND HAVE A SERIAL NUMBER LABEL ISSUED BY THE
 20 NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURERS
 21 OR OTHER SERIAL NUMBER LABEL] approved by the department and may be
 22 distributed only to

23 (1) a municipality or a qualified organization that has obtained a
 24 permit issued under this chapter;

25 (2) an operator; [ON BEHALF OF AN AUTHORIZING
 26 PERMITTEE; OR]

27 (3) a distributor licensed under this chapter; **or**

28 **(4) a vendor by a distributor as authorized under AS 05.15.183(e).**

29 * **Sec. 32.** AS 05.15.185 is amended by adding new subsections to read:

30 (b) An electronic pull-tab series distributed in the state must

31 (1) have a predetermined and finite number of winning and

1 nonwinning tickets;

2 (2) have a predetermined prize amount and structure;

3 (3) have a unique serial number that is not regenerated.

4 (c) An electronic pull-tab series distributed in the state may not

5 (1) exceed 15,000 tickets;

6 (2) require additional consideration for an extended play feature
7 included in the game.

8 (d) An invoice for a paper pull-tab game distributed in the state must specify
9 the cost for each ticket for the pull-tab game.

10 * **Sec. 33.** AS 05.15 is amended by adding a new section to read:

11 **Sec. 05.15.186. Electronic pull-tabs.** (a) An electronic pull-tab system used to
12 sell an electronic pull-tab series in the state

13 (1) may accept United States currency in paper form;

14 (2) may accept a debit card transaction;

15 (3) may not accept credit card transactions or be part of a system that
16 accepts credit card transactions;

17 (4) must clearly display the result and any prize awarded following the
18 play of an electronic pull-tab game on the electronic pull-tab device and reveal the
19 numbers or series of the pull-tab on the device;

20 (5) may use an autoclose system to close a game when all winning
21 tickets over a predetermined value are gone from the game; an autoclose feature must
22 be disclosed on the electronic game flare card with a statement identifying when the
23 game will be closed; and

24 (6) must be a tablet device with a screen not larger than 13 inches in
25 width or height; the tablet may not be connected to an external monitor or input
26 device.

27 (b) An electronic pull-tab system used to sell an electronic pull-tab series in
28 the state may not

29 (1) display on the device spinning reels that mimic a slot machine; or

30 (2) dispense anything of value.

31 (c) A device used to play electronic pull-tabs must be incorporated into an

1 electronic pull-tab system and may not be used for personal communication.
2 Connections between all components and access points of the electronic pull-tab
3 system must use secure communication protocols designed to prevent unauthorized
4 access or tampering, employing advanced encryption standard specifications adopted
5 by the National Institute of Standards and Technology, or in accordance with IEEE
6 802.11 standards contained in the Wi-Fi Protected Access II authentication protocols
7 or other nationally recognized security protocols as prescribed by the department.

8 (d) A pull-tab manufacturer shall maintain and keep current operating system
9 software agreements. An operating system agreement must be made available to the
10 department.

11 (e) The ideal payout for electronic pull-tabs may not exceed 90 percent.

12 (f) The total price, including fees, a distributor charges a permittee or licensee
13 for an electronic pull-tab system may not exceed 35 percent of the gross receipts less
14 the prize payouts of the electronic pull-tab system.

15 (g) A distributor may not connect the price or availability of a paper pull-tab
16 game to an electronic pull-tab.

17 * **Sec. 34.** AS 05.15.187(d) is amended to read:

18 (d) A paper pull-tab series may not be withdrawn from sale until all pull-tabs
19 in the series are sold, except that a pull-tab series may be withdrawn from sale if a
20 manufacturing defect exists in the series and the department is notified of the defect
21 and of the withdrawal from sale within a period established by regulation by the
22 department.

23 * **Sec. 35.** AS 05.15.187(e) is amended to read:

24 (e) Pull-tabs may not be sold to or accessed by a person under the age of 21
25 years. A person under the age of 21 years may not purchase or redeem a pull-tab.

26 * **Sec. 36.** AS 05.15.187(f) is amended to read:

27 (f) Each permittee that had gross receipts exceeding \$100,000 during the
28 preceding year from activities conducted under this chapter or that is required to report
29 under AS 05.15.080(a) shall maintain records as required by this subsection. A
30 permittee [,] that conducts a paper pull-tab game shall maintain records for two years
31 of each prize of \$100 [\$50] or more, the first day and last day that each series was

1 distributed, the serial number of each series, and the distributor from whom each series
2 was purchased. **A permittee that conducts an electronic pull-tab game shall**
3 **maintain records for two years of each prize that is more than \$500 and greater**
4 **than 500 times the ticket price** [IN THIS SECTION "PERMITTEE" INCLUDES
5 MUNICIPALITIES AND QUALIFIED ORGANIZATIONS THAT JOINTLY HOLD
6 A MULTIPLE-BENEFICIARY PERMIT].

7 * **Sec. 37.** AS 05.15.187(i) is amended to read:

8 (i) A permittee, operator, or registered vendor may not turn over a prize of
9 **\$100** [\$50] or more to a person with a **paper** pull-tab card entitling the person to that
10 prize unless the person signs a receipt for the prize and returns the receipt to the
11 permittee, operator, or vendor. The receipt must be in a form approved by the
12 department.

13 * **Sec. 38.** AS 05.15.187 is amended by adding new subsections to read:

14 (j) An operator or permittee shall designate a person who is responsible for
15 overseeing pull-tabs or an electronic pull-tab system. A designated person must be on
16 site and provide direct oversight of the pull-tab or electronic pull-tab system.

17 (k) The department shall limit the number of tablets a permittee, licensee, or
18 vendor has in play at a location to one tablet for every six persons permitted to occupy
19 the premises or 10 tablets total, whichever is greater.

20 (l) An owner or employee of an establishment that sells paper pull-tabs may
21 not play paper pull-tabs at the establishment.

22 (m) A person who has access to an electronic pull-tab deck status report at a
23 location may not play electronic pull-tabs at that location.

24 (n) An operator, permittee, or qualified organization may not accept gifts from
25 a pull-tab manufacturer, an owner or employee of a manufacturer, an immediate
26 family member of an owner or employee of a manufacturer, or a parent company,
27 sister company, or subsidiary of a manufacturer.

28 * **Sec. 39.** AS 05.15.188(g) is amended to read:

29 (g) A person, other than a permittee's **member in charge or alternate**
30 **member in charge** [MEMBER-IN-CHARGE], may not directly supply a **paper** pull-
31 tab series to a registered vendor for sale by that vendor on behalf of the permittee.

1 * **Sec. 40.** AS 05.15.188(h) is amended to read:

2 (h) If a permittee contracts with a vendor under (a) of this section **for paper**
3 **pull-tabs**, the contract must provide that the permittee shall receive **not** [NO] less than
4 70 percent of the ideal net.

5 * **Sec. 41.** AS 05.15.188(i) is amended to read:

6 (i) An amount equal to the ideal net less the compensation owed to the vendor
7 shall be paid by the vendor to the **member in charge or alternate member in charge**
8 [MEMBER-IN-CHARGE] upon delivery of a **paper** pull-tab series to the vendor for
9 sale. The amount required to be paid by the vendor shall be paid by check **or**
10 **electronic funds transfer** and [THE CHECK MAY NOT BE DRAWN IN A
11 MANNER THAT] the payee **must be** [IS NOT] identified.

12 * **Sec. 42.** AS 05.15.188 is amended by adding new subsections to read:

13 (l) If a permittee contracts with a vendor under (a) of this section for electronic
14 pull-tabs, the contract must provide that the vendor will retain not more than 25
15 percent of the gross receipts less the prize payouts.

16 (m) A vendor location may sell only paper pull-tabs and electronic pull-tabs
17 accessed on a portable tablet device.

18 (n) A vendor shall report to the department the amount of adjusted gross
19 income disbursed to permittees each month. The vendor's portion may not be more
20 than 30 percent of the adjusted gross income for paper pull-tabs nor more than 25
21 percent for electronic pull-tabs. A distributor may submit the report to the department
22 for a vendor.

23 (o) Not later than the fifth day of each month, a distributor shall make
24 available a report detailing, for the previous month, the total income from electronic
25 pull-tabs, the prizes distributed, and a calculation of the adjusted gross income for
26 each vendor location.

27 (p) A cash shortage is the responsibility of the vendor and may not be
28 deducted from the adjusted gross income.

29 (q) A vendor shall pay the permittee, or shall pay the distributor on behalf of
30 the permittee, by check or electronic funds transfer and identify the payee not later
31 than the 15th day of each month for the previous month's sales. If a vendor fails to

1 make a payment on time, the distributor shall disable the vendor's electronic pull-tab
2 games until payment is made. If a vendor's payment is 60 or more days past due, the
3 Alcoholic Beverage Control Board may suspend the vendor's license or permit under
4 AS 04.11.370(c). A distributor may facilitate the timely transfer of a payment from a
5 vendor to a permittee or the distributor by using a third party approved by the
6 department. The department may adopt regulations to implement this subsection.

7 (r) A contract between an authorizing permittee and a vendor may allow the
8 vendor to pool together permittees and divide the gaming income and payouts among
9 permittees on a percentage basis.

10 (s) The department may not register as a vendor a person who is otherwise
11 prohibited from involvement under AS 05.15.105.

12 (t) A vendor may not accept gifts from a pull-tab manufacturer, an owner or
13 employee of a manufacturer, an immediate family member of an owner or employee
14 of a manufacturer, or a parent company, sister company, or subsidiary of a
15 manufacturer.

16 * **Sec. 43.** AS 05.15 is amended by adding new sections to read:

17 **Article 2A. Gaming on Alaska marine highway system vessels.**

18 **Sec. 05.15.300. Gaming on Alaska marine highway system vessels.** (a) A
19 person may conduct gaming activities on a vessel if

20 (1) the person holds a permit issued by the department under
21 AS 05.15.310 for the gaming activities being conducted;

22 (2) the gaming activities are conducted only

23 (A) within three nautical miles of the coastline of the state; and

24 (B) in designated areas of the vessel; dining areas, areas
25 primarily designated for children, and passenger cabins may not be designated
26 as gaming areas; and

27 (3) participation in gaming activities is limited to persons 21 years of
28 age or older.

29 (b) A person operating gaming activities under this section shall pay to the
30 department a tax equal to 10 percent of the gross receipts of gaming activities. The
31 person shall pay to the department the tax collected in the preceding month by the 15th

1 day of the following month.

2 (c) A person conducting a gaming activity on a vessel shall maintain records
3 of all gaming transactions and make the records available to the department for
4 inspection.

5 (d) The department may issue only one permit for each vessel. A person may
6 conduct more than one type of gaming activity on a vessel and may conduct gaming
7 activities on more than one vessel if the person holds a permit for each vessel.

8 **Sec. 05.15.310. Permits.** The department may issue a permit to conduct
9 gaming activities on a vessel to a municipality or qualified organization that holds a
10 permit under AS 05.15.120 or a person, municipality, or qualified organization that
11 holds an operator's license under AS 05.15.122.

12 **Sec. 05.15.320. Penalty.** A person who conducts a gaming activity onboard a
13 vessel without a valid permit issued under AS 05.15.310 or a person who conducts or
14 participates in gaming activities onboard a vessel that violates AS 05.15.300 -
15 05.15.330 or a regulation adopted under AS 05.15.300 - 05.15.330 is guilty of a class
16 B misdemeanor.

17 **Sec. 05.15.330. Definitions.** In AS 05.15.300 - 05.15.330,

18 (1) "gaming activity" means bingo, pull-tab games, raffles, lotteries, or
19 other games of chance authorized under this chapter;

20 (2) "vessel" means a vessel of the Alaska marine highway system.

21 * **Sec. 44.** AS 05.15.640(a) is amended to read:

22 (a) A person may not use broadcasting to [PROMOTE OR] conduct a
23 charitable gaming activity under this chapter [EXCEPT THAT A PERSON MAY
24 USE

25 (1) BROADCASTING TO PROMOTE A FISH DERBY, A DOG
26 MUSHERS' CONTEST, A TYPE OF CLASSIC DEFINED IN AS 05.15.690, OR A
27 RAFFLE AND LOTTERY; OR

28 (2) THE INTERNET OR AN INTERNET COMMUNICATION TO
29 PROMOTE A CHARITABLE GAMING ACTIVITY UNDER THIS CHAPTER].

30 * **Sec. 45.** AS 05.15.640(c) is amended to read:

31 (c) Notwithstanding (a) of this section, a permittee, an operator, or the holder

1 of a multiple-beneficiary permit may use the Internet or an Internet communication to
2 conduct a charitable gaming activity for a raffle or lottery, dog mushers' contest,
3 derby, or type of classic defined in AS 05.15.690. The permittee, an operator, or the
4 holder of a multiple-beneficiary permit may draw winning tickets online or by other
5 electronic or digital means. **In this subsection,**

6 **(1) "Internet" means the combination of computer systems or**
7 **networks that make up the international network for interactive communications**
8 **services, including remote logins, file transfer, electronic mail, and newsgroups;**

9 **(2) "Internet communication" means an announcement or**
10 **advertisement disseminated through the Internet.**

11 * **Sec. 46.** AS 05.15.690(1) is amended to read:

12 (1) "adjusted gross income" means gross income less prizes awarded,
13 **tax collected under AS 05.15.184,** and state, federal, and municipal taxes paid or
14 owed on the income;

15 * **Sec. 47.** AS 05.15.690(33) is amended to read:

16 (33) "net proceeds" means the gross receipts from an authorized
17 activity less the fee described in AS 05.15.020(b), [THE] expenses [AUTHORIZED
18 BY AS 05.15.160], and the prizes awarded at the activity;

19 * **Sec. 48.** AS 05.15.690(39) is amended to read:

20 (39) "**pull-tab or** pull-tab game" means a game of chance where a
21 card, **or electronic representation of a card,** the face of which is covered to conceal
22 a number, symbol, or set of symbols, is purchased by the participant and where a prize
23 is awarded for a card, **or electronic representation of a card,** containing certain
24 numbers or symbols designated in advance and at random;

25 * **Sec. 49.** AS 05.15.690(40) is amended to read:

26 (40) "qualified organization" means a bona fide civic or service
27 organization or a bona fide religious, charitable, fraternal, veterans, labor, political, or
28 educational organization, **the Department of Transportation and Public Facilities**
29 **on behalf of the Alaska marine highway system, a school-based extracurricular**
30 **or co-curricular booster club,** a police or fire department and company, **a** dog
31 mushers' association, **an** outboard motor association, or **a** fishing derby or nonprofit

1 trade association in the state, that operates without profits to its members and that has
 2 been in existence continually for a period of three years immediately before applying
 3 for the license or permit, **or a booster club that has been in existence continually**
 4 **for a period of less than three years if the booster club's primary function is to**
 5 **support a school-based extracurricular or cocurricular activity that has been in**
 6 **existence continually for a period of three years immediately before the booster**
 7 **club applies for the license or permit**; the organization may be a firm, corporation,
 8 company, association, or partnership; in this paragraph, "fishing derby association"
 9 means a civic, service, or charitable organization in the state, not for pecuniary profit,
 10 whose primary purpose is to promote interest in fishing for recreational purposes, but
 11 does not include an organization formed or operated for gaming or gambling purposes;

12 * **Sec. 50.** AS 05.15.690(46) is amended to read:

13 (46) "series" means a unit of pull-tabs with the same serial number **or**
 14 **a unit of electronic pull-tabs that have a unique serial number**;

15 * **Sec. 51.** AS 05.15.690 is amended by adding new paragraphs to read:

16 (51) "distributor" includes a distributor salesperson, or representative,
 17 agent, affiliate, or other employee of a distributor;

18 (52) "electronic pull-tab system" means individual electronic pull-tabs,
 19 portable tablet pull-tab devices, and related hardware and software used to play or
 20 facilitate the play of an electronic pull-tab series;

21 (53) "immediate family member" has the meaning given in
 22 AS 39.52.960;

23 (54) "manufacturer" includes a manufacturer salesperson or a
 24 representative, agent, affiliate, or other employee of a manufacturer.

25 * **Sec. 52.** AS 19.05.040 is amended to read:

26 **Sec. 19.05.040. Powers of department.** The department may

- 27 (1) acquire property;
- 28 (2) exercise the power of eminent domain;
- 29 (3) take immediate possession of real property, or any interest in real
 30 property under a declaration of taking or by other lawful means;
- 31 (4) acquire rights-of-way for present or future use;

- 1 (5) control access to highways;
- 2 (6) regulate roadside development;
- 3 (7) preserve and maintain the scenic beauty along state highways;
- 4 (8) dispose of property acquired for highway purposes;
- 5 (9) accept and dispose of federal funds or property available for
- 6 highway construction, maintenance, or equipment;
- 7 (10) enter into contracts or agreements relating to highways with the
- 8 federal government, municipalities, a political subdivision, or with a foreign
- 9 government, if the contract is approved by the federal government;
- 10 (11) establish, levy, and collect tolls, fees, charges, and rentals for the
- 11 use of state roads, highways, bridges, tunnels, crossings, and causeways;
- 12 (12) award and administer grants authorized by appropriation by the
- 13 legislature; [AND]
- 14 (13) exercise any other power necessary to carry out the purpose of
- 15 AS 19.05 - AS 19.25; **and**
- 16 **(14) on behalf of the Alaska marine highway system, apply for a**
- 17 **permit under AS 05.15.020 and conduct an activity under AS 05.15.**

18 * **Sec. 53.** AS 19.65.060(a) is amended to read:

19 (a) The Alaska marine highway system fund is established as a separate fund
20 in the state treasury, into which shall be deposited

- 21 (1) the gross revenue of the Alaska marine highway system;
- 22 (2) money that is appropriated to the Alaska marine highway system
- 23 fund by the legislature in an amount that is consistent from year to year and is the
- 24 amount necessary, after consideration of gross revenue, to provide stable services to
- 25 the public consistent with the provisions of AS 19.65.050(b)(4), which appropriations
- 26 are not one-year appropriations and the balances of which do not lapse under
- 27 AS 37.25.010; [AND]

28 (3) any other money that is appropriated to the Alaska marine highway
29 system fund by the legislature, which appropriations are not one-year appropriations
30 and the balances of which do not lapse under AS 37.25.010; **and**

31 **(4) permit fees collected under AS 05.15.020(d), tax collected under**

AS 05.15.300(b), and revenue received by the Department of Transportation and Public Facilities acting on behalf of the Alaska marine highway system as a qualified organization under AS 05.15.

* **Sec. 54.** AS 05.15.060(b), 05.15.115(c), 05.15.150(b), 05.15.160, 05.15.165(b), 05.15.640(b), 05.15.640(g)(2), and 05.15.640(g)(3) are repealed.

* **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 05.15.183(m), enacted by sec. 30 of this Act, applies to a contract entered into, renewed, or amended on or after the effective date of sec. 30 of this Act.

* **Sec. 56.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

* **Sec. 57.** Section 56 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 58.** Section 14 of this Act takes effect January 1, 2031.

* **Sec. 59.** Except as provided in secs. 57 and 58 of this Act, this Act takes effect January 1, 2027.