

ALASKA STATE LEGISLATURE

House Labor & Commerce Committee



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Sponsor Statement

HB 386 "An Act relating to gaming; relating to gaming activities on Alaska marine highway system vessels; relating to bingo; relating to pull-tabs and electronic pull-tab systems; relating to the powers of the Department of Transportation and Public Facilities; relating to the Alaska marine highway system fund; and providing for an effective date."

Ver. \A

Charitable gaming in Alaska is vitally important to many non-profit organizations that are interwoven in Alaskan culture. High school and club youth sports, the Alaska Baseball league, senior citizens centers, fraternal and veteran organizations, etc... all raise money to benefit people across Alaska.

The goal of House Bill 386 is to modernize charitable gaming laws to provide the maximum benefit for non-profits while also retaining limits on charitable gaming that keep it fun and away from the pitfalls of full-blown casino gambling.

Pull-tabs, also known as "Rippies," are a common method of charitable gaming. Between 85 and 90 cents of every dollar spent is given back to players in winnings. Non-profits and businesses that supply and sell pull-tabs need to split what remains to generate revenue. This split used to be more than enough to meet the mission of non-profits. A paper pull-tab used to cost less than one cent, now they cost more than a nickel. The rising cost of paper pull-tabs, labor, and utilities have all made it increasingly difficult for charities to raise money from paper pull-tabs.

Electronic pull-tabs (e-tabs) are an effective way to modernize pull-tabs and make charitable gaming viable again. E-tabs played on tablets are fun as well as socially engaging. They maintain the spirit and play experience of traditional rippies while bringing in more revenue for charitable organizations.

Six other states have already made changes to their charitable gaming statutes to allow for e-tabs. We have taken the best examples from those models and included what has worked well for other states in this legislation. I urge you to support these much-needed changes to support youth sports and other non-profits across Alaska.

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Sectional Analysis

HB 386 “An Act relating to gaming; relating to gaming activities on Alaska marine highway system vessels; relating to bingo; relating to pull-tabs and electronic pull-tab systems; relating to the powers of the Department of Transportation and Public Facilities; relating to the Alaska marine highway system fund; and providing for an effective date.”

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This is a summary only. Note that this summary should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1: Amends AS 05.15.020 Setting permit fee for gaming on AMHS vessels.

Section 2: Amends AS 05.15.030(a) Required notices applicant, permittee, or licensee; Removing the notice requirement to the nearest municipality by an applicant, permittee, or licensee.

Section 3: Amends AS 05.15.030(c) Required notices applicant, permittee, or licensee; Removing the notice requirement to “the local government.”

Section 4: Amends AS 05.15.060(a) Grants the Department of Revenue the authority to regulate gaming activities on AMHS vessels.

Section 5: Amends AS 05.15.070 Investigations; Granting the department authority to investigate licensed and unlicensed gaming operations as well as administer civil penalties.

Section 6: Amends AS 05.15.080(b) Reports; Adding reporting requirement regarding marketing or promotional materials.

Section 7: Amends AS 05.15.083 Reports to departments by operators; Removing certain reporting requirements from operator reports to the department.

Section 8: Amends AS 05.15.087(a) Operator’s reports to permittee and payment of net proceeds; Removing the requirement that the monthly report include a daily summary of activity and the requirement that expenses be included in the report. Adds prize payouts to the list of

information to be reported. Adds electronic funds transfer as an acceptable form of payment by an operator.

Section 9: Amends AS 05.15.105(b) Persons prohibited from involvement; Adding a reference to new subsection (c) of this section.

Section 10: Amends AS 05.15.105 Persons prohibited from involvement; Adding a new subsection (c) prohibiting the issuance of a license to a manufacturer or distributor if a parent company, sister company or subsidiary of the manufacturer has been convicted of a violation of a law that would disqualify the parent company, sister company or subsidiary under this section.

Section 11: Amends AS 05.15.115(b) Contracts between permittees and operators; Adding authorization for an operator to pool permittees and divide the income and payouts among permittees on a percentage basis at the end of each month.

Section 12: Amends AS 05.15.115(d) Contracts between permittees and operators; Transferring the requirement for contract submittal to the department from the permittee to the operator. Changes the required method of submission of contracts to the department for approval from certified mail to electronic submission.

Section 13: Amends AS 05.15.122 Operator's license; Adding two new subsections.

(e) Permitting an operator to conduct electronic pull-tab activities on behalf of a municipality or a qualified organization if the operator has been issued an electronic pull-tab endorsement, and establishing requirements that must be met for the operator to receive an electronic pull-tab endorsement.

(f) Allowing for the designation of a temporary party to conduct activities for 120 days should an operator die.

Section 14: Amends AS 05.15.122(e) Operator's license; Removing from the language created in Section 10 of this bill, the requirement of an operator to conduct pull-tabs for the preceding three years on January 1, 2031. The effective date is found in Section 54 of this bill.

Section 15: Amends AS 05.15.128(a) Revocation of an operator's license; Removing the minimum 15 percent of annual gross income requirement as a trigger for license revocation. Adds new paragraph 2 relating to multiple-beneficiary permit payments and reporting as an additional trigger for license revocation.

Section 16: Amends AS 05.15.165(a) Operators; Adding electronic funds transfer as an acceptable form of payment to a permittee.

Section 17: Amends AS 05.15.165(c) Operators; Allowing a sign to be posted directing individuals to a website where required information is available in place of an actual informational sign.

Section 18: Amends AS 05.15.170(a); Suspension or revocation of permit, license, or vendor registration; Adding that a permit, license or vendor registration may be suspended or revoked upon conviction of the owner or manager of a parent company, sister company or subsidiary of the licensee or vendor.

Section 19: Amends AS 05.15.170 Suspension or revocation of permit, license, or vendor registration; Adding new subsections.

(c) Requires notification by the department to an operator of the suspension or revocation of a permit, license or vendor registration be via electronic mail and shall be posted on a publicly accessible website created for citizens to interact with multiple state services. (e.g., myAlaska)

(d) Requires notification by the department to a manufacturer of the suspension or revocation of a distributor and that notice shall be via electronic mail and shall be posted on a publicly accessible website created for citizens to interact with multiple state services. (e.g. myAlaska)

Section 20: Amends AS 05.15.180(b) Limitations on authorized activity; Adding electronic pull-tabs to the authorized gaming activities in the state.

Section 21: Amends AS 05.15.180(d) Limitations on authorized activity; Increasing the maximum monthly and annual value of door prizes which may be offered by municipality, a qualified organization or under authority of a multiple-beneficiary permit to double the current statutory limit.

Section 22: Amends AS 05.15.180(e) Limitations on authorized activity; Requiring the department adopt regulations setting bingo session and bingo game prize limits. Increases the maximum monthly and annual value of door prizes which may be offered by a bingo hall or parlor to double the current statutory limit. Establishes that an operator may offer progressive bingo games and establishes how progressive bingo gross receipts and prizes must be carried over to another game and how prizes are awarded. Drafting convention changes were made in paragraphs 1, 2 & 3.

Section 23: Amends AS 05.15.180(g) Limitations on authorized activity; Removing the \$500,000 prize cap from municipalities and qualified organizations who contract with an operator. Excludes electronic pull-tabs from the provisions in this subsection.

Section 24: Amends AS 05.15.180 Limitations on authorized activity; Adding two new subsections:

(i) Sets the annual prize limit for a municipality or qualified organization at \$4,000,000 for electronic pull-tabs. Sets the annual prize limit for a multiple-beneficiary permit to \$4,000,000 times the number of holders of the permit for electronic pull-tabs.

(j) Grants the department the option to increase, by regulation, the prize amount in (g) and (i) of this section by up to 10 percent, once every five years.

Section 25: Amends AS 05.15.181(d) Pull-tab manufacturers; Clarifying that a pull-tab manufacturer may distribute pull-tabs only to a licensed pull-tab distributor.

Section 26: Amends AS 05.15.181 Pull-tab manufacturers; Adding twelve new subsections:

- (f) Prohibiting a pull-tab manufacturer from modifying or paying for modifications to a building to accommodate gaming activities, including electrical work or utility connection.
- (g) Prohibits a manufacturer, an owner or employee of a manufacturer, an immediate family member of a manufacturer, or a parent, sister, or subsidiary company from giving or receiving gifts or other things of value to or from a vendor, operator, permittee or qualified organization.
- (h) Requires a pull-tab manufacturer have a separate endorsement on their license prior to distributing an electronic pull-tab system in the state. Requires electronic games be tested and certified by an independent gaming testing laboratory prior to distribution.
- (i) Prohibits a manufacturer from distributing pull-tabs if a manufacturer, an owner or employee of the manufacturer or a close family member of an owner or employee of the manufacturer or a parent company, sister company or subsidiary of the manufacturer holds an interest in the distributor.
- (j) Establishes criteria under which a manufacturer may refuse to sell gaming equipment or paper pull-tabs to a licensed distributor.
- (k) Establishes subsection (j) is not applicable to application software and computer programs and equipment used in production, playing and reporting of approved pull-tab games.
- (l) Requires a manufacturer provide the same prices and quantity requirements for paper pull-tabs to each distributor.
- (m) Clarifies terms under which a manufacturer may restrict the sale of exclusive pull-tab games.
- (n) Requires a manufacturer submit to the department a copy of each contract with a distributor within seven days of signing.
- (o) Restricts point-of-sale data from paper tickets and bingo.
- (p) Prohibits issuance of a manufacturer's license to a person otherwise prohibited under AS 05.15.105.
- (q) Prohibits connection of the price or availability of a paper pull-tab to an electronic pull-tab game and vice-versa.

Section 27: Amends AS 05.15.183(a) Pull-tab distributors; Requiring a distributor have a license to distribute electronic pull-tab systems. Prohibits the issuance of a distributor's license by the department if the person is licensed as an operator or participates in another aspect of the manufacture or sale of pull-tabs. Prohibits the issuance of an electronic pull-tab endorsement to a distributor's license should an ownership interest be held by a manufacturer, a parent or sister company or subsidiary of a manufacturer.

Section 28: Amends AS 05.15.183(c) Pull-tab distributors; Adding that electronic pull-tab systems may only be distributed from a location within the state.

Section 29: Amends AS 05.15.183(e) Pull-tab distributors; Establishes that a distributor may deliver electronic pull-tab series directly to a vendor on behalf of a permittee.

Section 30: Amends AS 05.15.183 Pull-tab distributors; Adding eight new subsections.

- (f) Establishes a distributor must have an electronic pull-tab endorsement prior to distributing an electronic pull-tab system.
- (g) Prohibits issuance of a distributor's license to a person otherwise prohibited under AS 05.15.105.
- (h) Establishes restricted actions of a distributor.
 - (1) Prohibits gifts, compensation or other things of value greater than \$25 to a municipality or qualified organization, or an employee or agent of a municipality or qualified organization.
 - (2) Prohibits modification of a building for the purposes of accommodating a gaming system, including electrical work or utility connection.
 - (3) Prohibits giving compensation or a thing of value to an owner or lessor of a gaming premises.
 - (4) Prohibits participation in gaming activities at a premises using equipment from that distributor.
 - (5) Prohibits alteration or modification of gaming equipment, except to add a last sale sticker.
 - (6) Prohibits obtaining or using point-of-sale information.
 - (7) Prohibits connection of the price or availability of a paper pull-tab to an electronic pull-tab game and vice-versa.
 - (8) Prohibits a distributor from being an owner, shareholder of a manufacturer.
 - (9) Restricting distribution of electronic pull-tabs from a manufacturer described in AS 05.15.181(i) holds an ownership interest in the distributor.

(10) Restricts distribution of a pull-tab game to a permittee or licensee owned or managed by a person within two degrees of consanguinity to an owner or employee of a distributor.

(i) Requires electronic pull-tabs meet the requirements of AS 05.15.186.

(j) Allows up to \$250 a year in marketing and promotional materials may be provided to a qualifying permit holder. Requires reporting of these materials by the distributor to include value of the items provide and the physical location where the materials will be used or displayed.

(k) Requires a distributor submit copies of contracts with a permittee, multiple-beneficiary permittee, vendor or operator to the department.

(l) Requires the department provide a serialized stamp to a distributor and requires tablets be stamped.

(m) Requires contracts between a distributor and a permittee allow for termination by either party without penalty with 30 days' notice. Prohibits incentive or signing bonuses as well as penalties based on the term of the contract.

Section 31: Amends AS 05.15.185 Distribution of pull-tabs; Updating serial number and integrity requirements to apply to electronic pull-tabs as well as paper pull-tabs. Allows for distribution of electronic pull-tab games to a vendor under 05.15.183(e).

Section 32: Amends AS 05.15.185 Distribution of pull-tabs; Adding three new subsections:

(b) Establishes additional requirements for electronic pull-tabs.

(c) Limits electronic pull-tab games to a maximum of 15,000 tickets.

(d) Requires the cost of each ticket for a paper pull-tab game be disclosed on the invoice.

Section 33: Amends AS 05.15 by adding a new section: AS 05.15.186 Electronic pull-tabs.

The new language provides for the physical characteristics of electronic pull-tab devices, their operation, and security. Allows for debit card transactions. Prohibits the acceptance of credit cards and connection to a system which accepts credit card transactions. Dispensing anything of value, and any visuals that mimic the spinning reels of a slot machine are all prohibited. Pull-tab machines must display the serial number or series of numbers for an electronic pull-tab, the display, and any prize awarded and may automatically close when all winning tickets have been played. The new language sets limits for payouts, fees at 35 percent of gross receipts, and prohibits linking the ability to purchase paper pull-tabs or prices to electronic pull-tabs.

Section 34: Amends AS 05.15.187(d) Operation of pull-tab games; Clarifying that the provisions in this subsection apply only to paper pull-tabs.

Section 35: Amends AS 05.15.187(e) Operation of pull-tab games; Specifies no person under 21 years of age may access pull-tabs.

Section 36: Amends AS 05.15.187(f) Operation of pull-tab games; Adding language specifying that the current record-keeping requirements for permittees in this subsection apply to paper pull-tabs and adding language with requirements for record keeping for electronic pull-tabs.

Section 37: Amends AS 05.15.187(i) Operation of pull-tab games; Clarifying that the provisions in this subsection apply only to paper pull-tabs and increasing from \$50 to \$100 the prize amount at or above which a prize winner is required to sign a receipt.

Section 38: Amends AS 05.15.187 Operation of pull-tab games; Adding five new subsections. Requires designation of a person at an operation who on site and is responsible for overseeing pull-tabs. Requires the department limit the number of electronic pull-tab devices in play at a location to one tablet for every six persons who may occupy the premises or ten tablets total, whichever is greater. Prohibits owners, employees, and those who have access to electronic pull-tab status reports from playing paper or electronic pull-tabs at a location. Prohibits those who operate or benefit from pull-tab sales from receiving gifts from manufacturers or from individuals or companies connected to manufacturers.

Section 39: Amends AS 05.15.188(g) Pull-tab sales by vendors on behalf of permittees; vendor registration; Adding the option for an alternate member in charge of pull-tab operations and specifying that the provisions in this subsection apply only to paper pull-tabs.

Section 40: Amends AS 05.15.188(h) Pull-tab sales by vendors on behalf of permittees; vendor registration; Clarifying that the provisions in this subsection apply only to paper pull-tabs.

Section 41: Amends AS 05.15.188(i) Pull-tab sales by vendors on behalf of permittees; vendor registration; Adding the option for an alternate member in charge of pull-tab operations to accept vendor payments, specifying that the provisions in this subsection apply only to paper pull-tabs, and allowing for electronic payments from vendors to permittees, and requires the payee be identified.

Section 42: Amends AS 05.15.188 Pull-tab sales by vendors on behalf of permittees; vendor registration; Adding nine new subsections. Provides a permittee - vendor electronic pull-tab contractual limit of 25 percent of gross receipts less the prize payouts. Limits vendor locations to selling only paper pull-tabs and electronic pull-tabs on portable tablet devices. Specifies vendors monthly reporting requirements, and monthly payment schedule. Allows a distributor to facilitate payments from a vendor to a permittee and a distributor on behalf of a permittee by using a third party, if approved by the department. Allows adoption of regulations to implement this subsection. Limits vendor's portion to not more than 30% of adjusted gross income (AGI) for paper pull-tabs and 25% of AGI for electronic pull-tabs. Allows for a vendor to pool permittees, specifies that cash shortages are the vendor's responsibility, and prohibits registration of vendors that are prohibited under AS 05.15.105. Also prohibits vendors from receiving gifts from manufacturers or from individuals or companies connected to manufacturers.

Section 43: Amends AS 05.15 Adding new Article 2A; To allow gaming on Alaska marine highway system vessels.

Section 44: Amends AS 05.15.640(a) Restrictions on use of broadcasting; online gaming; Removing the prohibition on using broadcasting to promote a charitable gaming activity.

Section 45: Amends AS 05.15.640(c) Restrictions on use of broadcasting; online gaming; Adding language defining “internet” and “internet communication” for the purpose of conducting charitable gaming activities as allowed under this subsection.

Section 46: Amends AS 05.15.690(1) Definitions; Adding taxes collected under AS 05.15.184 to adjustments that may be made to calculate adjusted gross income.

Section 47: Amends AS 05.15.690(33) Definitions; Removing restrictions on what is an allowed expense against gross receipts.

Section 48: Amends AS 05.15.690(39) Definitions; Adding electronic representation of a card to the definition of pull-tab game, allowing for electronic pull-tabs.

Section 49: Amends AS 05.15.690(40) Definitions; Adding school-based extracurricular or co-curricular booster clubs and the DOT&PF on behalf of the Alaska marine highway system to the list of qualified organizations that may benefit from pull-tab operations. Further expands the definition of a “qualified organization” to add a school-based booster club in existence for less than three years if the club is supporting an activity which has been in existence for three years prior to application.

Section 50: Amends AS 05.15.690(46) Definitions; Adding electronic pull-tab serial numbers to the definition of “series.”

Section 51: Amends AS 05.15.690 Definitions; Adding definitions for “distributor,” “electronic pull-tab systems,” “immediate family member” and “manufacturer.”

Section 52: Amends AS 19.05.040; Powers of department; Granting the power to apply for a gaming permit on behalf of the AMHS and to conduct gaming activity under AS 05.15.

Section 53: Amends AS 19.65.60(a); AMHS Fund; Allowing directing permit fees, taxes and revenue generated for gaming activities on the AMHS vessels to the fund.

Section 54: Repeals statutes requiring regulations be consistent with the North American Gaming Regulators Association, limiting permittees to contracting with only one operator, requiring permittees to use proceeds within one year, repealing the list of allowed expenses against revenue from pull-tab operations, repeals penalty language for operators claiming unauthorized expenses, repeals language allowing the department to authorize non-commercial stations to broadcast limited conduction of gaming activity, and repeals the definition of “internet” and “internet connection” in this section.

Section 55: Provides that AS 05.15.183(m) only applies to contracts entered into on or after the effective date of Section 30.

Section 56: Amends uncodified law providing the Department of Revenue authority to adopt regulations necessary to implement this Act.

Section 57: Provides an immediate effective date for Section 56.

Section 58: Provides an effective date of January 1, 2031, for Section 14 of the bill.

Section 59: Provides an effective date of January 1, 2027, except as provided in secs. 57 and 58 of this Act.

HOUSE BILL NO. 386

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Introduced: 4/13/26

Referred: Labor and Commerce, Finance

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**

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

4 * **Sec. 54.** AS 05.15.060(b), 05.15.115(c), 05.15.150(b), 05.15.160, 05.15.165(b),
5 05.15.640(b), 05.15.640(g)(2), and 05.15.640(g)(3) are repealed.

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

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

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

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

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

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

18 * **Sec. 59.** Except as provided in secs. 57 and 58 of this Act, this Act takes effect January 1,
19 2027.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 386
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB386-DOR-TAX-4-16-26
Title: GAMING; ELECTRONIC PULL-TABS
Sponsor: LABOR & COMMERCE
Requester: (H)L&C

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027						
Personal Services	250.0		250.0	250.0	250.0	250.0	250.0	250.0
Travel	2.0		2.0	2.0	2.0	2.0	2.0	2.0
Services	27.8		27.8	27.8	27.8	27.8	27.8	27.8
Commodities	9.0						5.4	
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	288.8	0.0	279.8	279.8	279.8	279.8	285.2	279.8

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	288.8		279.8	279.8	279.8	285.2	279.8
Total	288.8	0.0	279.8	279.8	279.8	285.2	279.8

Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/27

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: Brandon Spanos, Acting Director	Phone: (907)269-6736
Division: Tax Division	Date: 04/15/2026
Approved By: Janelle Earls, Acting Commissioner	Date: 04/16/26
Agency: Department of Revenue	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 386

Analysis

Background Information

This bill would allow pull-tab games to be expanded from traditional paper pull-tabs to include electronic pull-tabs or e-tabs. Current statute, AS 05.15.690(38) defines a "pull-tab game" as a game of chance where a card, the face of which is covered to conceal a number, symbol, or set of symbols, is purchased by the participant and where a prize is awarded for a card containing certain numbers or symbols designated in advance and at random. The language of this bill would amend AS 05.15.690(46) to include "electronic pull-tab systems."

This bill increases the prize limits for permittees from a maximum of \$500,000 in prizes each year to a maximum of \$4,000,000 in prizes each year for electronic pull-tab activities and a maximum of \$2,000,000 in prizes each year for other gaming activities. This bill does not change the minimum age for any gaming activity, and clarifies that participation in gaming activities on Alaska Marine Highway System (AMHS) vessels is limited to persons 21 years of age or older.

This bill provides some unique limitations for electronic pull-tab systems that the paper pull-tab games do not have:

1. A series may not exceed 15,000 tickets.
2. Electronic pull-tab devices are only allowed on tablets with a screen that is not larger than 13" in width or height.

The Department would need to establish regulations. Regulation completion and timing will be determined based on passage of the legislation.

This bill also authorizes gaming activities on AMHS vessels. Under this bill, a permit to conduct charitable gaming activities on AMHS vessels may be held by Department of Transportation and Public Facilities (DOT&PF) acting as a qualified organization on behalf of AMHS, or by a licensed operator holding an operator's license. The Department of Revenue (DOR) would regulate gaming activities on AMHS vessels. Gaming would only be permitted while the vessel is within three nautical miles of the coastline of the state, and must take place in designated areas of the vessel. Dining areas, areas primarily designated for children, and passenger cabins may not be designated as gaming areas. All permit fees, taxes, and revenue generated from gaming activities on AMHS vessels would be deposited into the Alaska Marine Highway System fund.

Revenue Impact

The revenue impact of this bill is indeterminate. The revenue impact would be positive with a potential range of \$0.5 million to \$6.2 million in incremental revenue annually. For context, in FY2025, total state revenue from charitable gaming was \$2.9 million including \$2.2 million from pull-tab taxes, \$0.5 million from net proceeds fees, and \$0.2 million from all other license fees, permit fees, penalties, and interest.

The estimated range of potential revenue consists of two components: shore-based revenue and AMHS vessel revenue.

To estimate increased shore-based revenue, DOR used five other states that have implemented electronic pull tabs, and have available data to prepare scenarios of how pull tab sales will increase with electronic pull tabs in Alaska. Using an average of the other five states, a range of \$0.5 to \$5.5 million of additional annual state revenue could be generated beginning in the first full year of implementation (FY2028). Revenue impacts would likely be zero or minimal in FY2027 due to an assumed year-long implementation process. Charitable gaming revenues are considered program receipts, a portion of which has been returned to the General Fund as excess program receipts.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 386

Analysis

The state revenues from pull-tab sales consist of these sources:

1. Pull-tab tax of three percent of gross receipts less prizes per pull-tab game
2. Pull-tab manufacturer license fee of \$2,500 per year
3. Pull-tab distributor license fee of \$1,000 per year
4. Pull-tab vendor permit fee of \$50 per year per location, and
5. Net proceeds fee of one percent of net proceeds from a permittee if gross receipts are greater than \$20,000 for all gaming.

In addition to the statewide expansion of electronic pull-tab gaming described above, this bill also authorizes charitable gaming activities on AMHS vessels, conducted by either DOT&PF or another permitted operator.

The AMHS carried approximately 185,000 passengers in calendar year 2024. Based on this ridership baseline, DOR estimates that charitable gaming on AMHS vessels could generate between zero and \$0.7 million in annual revenue to the AMHS fund beginning in the first full year of implementation.

Revenue to the AMHS fund would consist of the following sources:

1. Annual gaming permit fee of \$10,000 per vessel per AS 05.15.020(d).
2. Tax of ten percent of gross receipts from gaming activities per AS 05.15.300(b).
3. Net proceeds fee of one percent of net proceeds if gross receipts exceed \$20,000 per AS 05.15.020(b). This fee flows to the general fund unless DOT&PF is the permittee.
4. All revenue received by DOT&PF acting as a qualified organization on behalf of AMHS, including net proceeds, if DOT&PF holds the permit.

Implementation Cost

The DOR Charitable Gaming group is a very small group within the Tax Division. This bill would create an added burden on the group that would be beyond their current capacity to meet. In order to provide adequate service and enforcement, the Division would need to add two Tax Auditor 2 positions to support the Charitable Gaming Group, along with travel authority to perform audits, services authority to pay statewide overhead rates, and one-time commodity costs for initial position startup supplies and equipment.

These costs would be funded through general fund program receipts, supported by the increased collections under this bill.

Additionally, this legislation would require the department to make changes to its Tax Revenue Management System (TRMS). Resources required to implement this bill would include staff time to update forms, TRMS, and Revenue Online, and other miscellaneous costs. These costs will be absorbed by the Tax Division using existing resources.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 386
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB386-DOT-MVO-4-15-2026
Title: GAMING; ELECTRONIC PULL-TABS
Sponsor: LABOR & COMMERCE
Requester: House Labor & Commerce

Department: Department of Transportation and Public Facilities
Appropriation: Marine Highway System
Allocation: Marine Vessel Operations
OMB Component Number: 2604

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2027 Request	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027					
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None	***		***	***	***	***	***
Total	***	0.0	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? no
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Initial version, not applicable

Prepared By:	Andy Mills, Legislative Liaison	Phone:	(907)465-3900
Division:	Commissioner's Office	Date:	04/15/2026 01:00 PM
Approved By:	Dom Pannone, Director of Program Management and Administration	Date:	04/15/26
Agency:	Department of Transportation and Public Facilities		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 386

Analysis

This legislation authorizes gaming activities on Alaska Marine Highway System (AMHS) vessels and allows the Department of Transportation and Public Facilities (DOT&PF), on behalf of AMHS, to operate as a qualified organization under charitable gaming statutes. The bill establishes a permitting structure, including a \$10,000 annual permit fee per vessel, and imposes a 10 percent tax on gross gaming receipts. Gaming would be limited to designated vessel areas, restricted to individuals 21 years of age or older, and may occur only within three nautical miles of the Alaska coastline. Revenues generated would be deposited into the Alaska Marine Highway System Fund.

Implementation would require substantial planning, coordination, and administrative development prior to any revenue realization. The department would need to establish internal policies and controls, coordinate with the Department of Revenue on permitting and compliance, evaluate vessel-specific feasibility, and develop procurement and contracting approaches for operators or vendors. Electronic gaming would require a contractor or entity with 3 years' experience under the current language. Additional work would include establishing accounting and reporting systems and training staff in compliance, and on board oversight.

These efforts would likely require both staff time and contractual support. Without additional funding, responsibilities would need to be absorbed within existing resources, potentially impacting current program delivery. Ongoing responsibilities may include compliance monitoring, financial management, communications, and security measures. Total implementation and operating costs are indeterminate and dependent on program design and scale.

Operational impacts would vary by vessel and route. Designating gaming areas may reduce or repurpose passenger space and require additional coordination with vessel crews. The three-nautical-mile restriction introduces operational complexity, requiring procedures to determine when gaming may occur and ensuring compliance during route transitions. On some routes, this limitation may constrain feasibility or reduce revenue potential.

The bill creates a new potential revenue stream for AMHS through gaming proceeds, permit fees, and a 10 percent tax on gross receipts, all directed to the Alaska Marine Highway System Fund. Revenue potential is uncertain and will depend on passenger demand, route characteristics, and the scale of gaming operations. Net fiscal benefit will depend on whether revenues exceed implementation and operating costs.

Potential benefits include diversification of AMHS revenue sources, creation of a dedicated funding stream, and enhanced onboard amenities, particularly on longer routes. If implemented effectively, the program may increase onboard spending and support financial sustainability.

Key considerations include uncertainty of net revenue, administrative and compliance burden, potential impacts to vessel operations and passenger experience, and public perception concerns. Implementation feasibility may vary across vessels and routes, limiting system-wide applicability.

This legislation provides authority for AMHS to conduct gaming activities and establish a dedicated revenue mechanism; however, implementation would require significant planning and coordination. The fiscal impact is indeterminate and dependent on program design and realized revenue relative to costs. Without additional funding, implementation may affect existing DOT&PF program delivery.

This analysis outlines the options the legislation creates, however the indeterminate costs and potential revenue would require additional analysis by AMHS staff and gaming expertise in the future to implement these gaming options.