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Sectional Summary

SB 170 Gaming; Electronic Pull-Tabs Ver. I

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

Section 2: Amends AS 05.15.030(c) Required notices applicant, permittee, or licensee; Removing the notice requirement to "the local government."

Section 3: Amends AS 05.15.070 Investigations; Granting the department authority to investigate licensed and unlicensed gaming operations as well as administer civil penalties.

Section 4: Amends AS 05.15.083 Reports to departments by operators; Removing certain reporting requirements from operator reports to the department.

Section 5: 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 6: Amends AS 05.15.105(b) Persons prohibited from involvement; Adding a reference to new paragraph (c) of this section.

Section 7: Amends AS 05.15.105 Persons prohibited from involvement; Adding a new paragraph (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 8: 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 9: Amends AS 05.15.115(d) Contracts between permittees and operators; Transferring the contract submittal requirement 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 10: 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 11: 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 51 of this bill.

Section 12: 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 13: Amends AS 05.15.165(a) Operators; Adding electronic funds transfer as an acceptable form of payment to a permittee.

Section 14: 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 15: 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 16: 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 17: Amends AS 05.15.180(b) Limitations on authorized activity; Adding electronic pull-tabs to the authorized gaming activities in the state.

Section 18: 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.

Section 19: Amends AS 05.15.180(e) Limitations on authorized activity; Requiring the department adopt regulations setting bingo game prize limits. Increases the maximum monthly and annual value of door prizes which may be offered by a bingo hall or parlor. Establishes that an operator may offer progressive bingo games and establishes how progressive bingo gross receipts and prizes be carried over to another game and how prizes are awarded.

Section 20: Amends AS 05.15.180(f) Limitations on authorized activity; Specifies no person under 18 years of age may play bingo.

Section 21: 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 22: 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 23: Amends AS 05.15.181(d) Pull-tab manufacturers; Clarifying that a pull-tab manufacturer may distribute pull-tabs only to a licensed distributor.

Section 24: 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.

(g) Prohibits a manufacturer, an owner or employee of a manufacturer, a close family member of a manufacturer, or a parent, sister, or subsidiary company from giving gifts or other things of value to a vendor, operator, permittee or qualified organization with a total value of more than \$250 per calendar year.

(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 to an electronic pull-tab game and vice-versa.

Section 25: 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.

Section 26: 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 27: Amends ASA 05.15.183(e) Pull-tab distributors; Establishes that a distributor may deliver electronic pull-tab series directly to a vendor.

Section 28: 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 to an electronic pull-tab game and vice-versa.
 - (8) Prohibits a distributor from being an owner, shareholder or subsidiary of a manufacturer.
 - (9) 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.
- (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.

Section 29: 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. Allows for distribution of electronic pull-tab games to a vendor under 05.15.183(e).

Section 30: 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 31: 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. The acceptance of credit cards, 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 prizes to electronic pull-tabs.

Section 32: 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 33: Amends AS 05.15.187(e) Operation of pull-tab games; Specifies no person under 18 years of age may access pull-tabs.

Section 34: 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 35: 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 36: Amends AS 05.15.187 Operation of pull-tab games; Adding six new subsections. Requires designation of a person at an operation who is responsible for overseeing pull-tabs. Allows the department to limit the number of electronic pull-tab machines at a location to one tablet for every six people who may occupy the premises. 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 in excess of \$250 in a calendar year.

Section 37: Amends 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 38: Amends 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 39: Amends 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.

Section 40: Amends 05.15.188 Pull-tab sales by vendors on behalf of permittees; vendor registration; Adding nine new subsections. Provides a permittee - vendor contractual limit of 30 percent of gross receipts less the prize payouts. Limits vendor locations to selling only paper pull-tabs and electronic pull-tabs on portable devices. Specifies vendors monthly reporting requirements, and weekly payment schedule. 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 of more than \$250 in a year from manufacturers or from individuals or companies connected to manufacturers.

Section 41: 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 42: 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 43: Amends 05.15.690(1) Definitions; Adding taxes collected under AS 05.15.184 to adjustments that may be made to gross income.

Section 44: Amends 05.15.690(33) Definitions; Removing restrictions on what is an allowed expense against gross receipts.

Section 45: Amends 05.15.690(39) Definitions; Adding electronic representation of a card to the definition of pull-tab game, allowing for electronic pull-tabs.

Section 46: Amends 05.15.690(40) Definitions; Adding school-based extracurricular or co-curricular booster clubs to the list of qualified organizations that may benefit from pull-tab operations.

Section 47: Amends 05.15.690(46) Definitions; Adding electronic pull-tab serial numbers to the definition of serial numbers.

Section 48: Amends 05.15.690 Definitions; Adding definitions for “distributor,” “electronic pull-tab systems,” “immediate family member” and “manufacturer.”

Section 49: 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 50: Provides that AS 05.15.183(m) only applies to contracts entered into on or after January 1, 2026.

Section 51: Provides an effective date of January 1, 2031 for Section 11 of the bill, repealing the requirement that new electronic pull-tab vendors have three years of experience providing paper pull-tabs to venues in Alaska.

Section 52: Provides an effective date of January 1, 2026 for all other sections of the bill.