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CS FOR SENATE BILL NO. 170(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR BJORKMAN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to gaming; relating to bingo; relating to pull-tabs and electronic pull-
2 tab systems; and providing for an effective date."

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

4 * **Section 1.** AS 05.15.030(a) is amended to read:

5 (a) [AT THE TIME OF FILING AN APPLICATION FOR A PERMIT OR
6 LICENSE UNDER THIS CHAPTER, THE APPLICANT SHALL NOTIFY THE
7 CITY OR BOROUGH NEAREST TO THE LOCATION OF THE PROPOSED
8 ACTIVITY OF THE APPLICATION.] A local government unit may protest the
9 conduct of the activity in its jurisdiction by resolution stating the reasons for the
10 protest filed with the department; protests are limited to the lack of qualifications
11 prescribed by this chapter. This resolution is only a recommendation by the local
12 government that may be considered by the department in determining whether to issue
13 or refuse to issue a permit or license.

14 * **Sec. 2.** AS 05.15.030(c) is amended to read:

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

* **Sec. 3.** AS 05.15.070 is amended to read:

Sec. 05.15.070. Investigations; examination [EXAMINATION] of books and records. The department may investigate licensed and unlicensed gaming operations and administer civil penalties for violations of this chapter. The department may examine or have examined the books and records of a permittee, an operator, a registered vendor, or a person licensed to manufacture or to distribute pull-tab games or electronic pull-tab systems in the state. The department may issue subpoenas for the attendance of witnesses and the production of books, records, and other documents.

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

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

* **Sec. 5.** AS 05.15.083 is amended to read:

Sec. 05.15.083. Reports to department by operators. (a) An operator shall file a report with the department by the last business day of the month following each calendar quarter in which an activity was conducted. The report must include, for each authorizing permittee on whose behalf an activity was conducted during the quarter, [THE DATE AND LOCATION OF EACH ACTIVITY,] the type of activity conducted, the amount of gross receipts, [THE AMOUNT OF AUTHORIZED EXPENSES,] the value of prizes [AWARDED], the amount of net proceeds paid, and other information the department may require [; A COMPLETED INTERNAL

1 REVENUE SERVICE FORM 941; AND A COPY OF THE OPERATOR'S
2 EMPLOYER CONTRIBUTIONS AND WAGE REPORTS SUBMITTED TO THE
3 DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT FOR THE
4 QUARTER]. However, if the only activity conducted by an operator during the
5 calendar quarter is a raffle or lottery, then the operator is not required to file a report
6 under this subsection until the raffle or lottery is completed.

7 (b) An operator shall file an annual report with the department **not** [NO] later
8 than February 28 of the year following the year in which activities were conducted.
9 The report must include, for each authorizing permittee on whose behalf an activity
10 was conducted, the types of activities conducted, the total amount of gross receipts,
11 [THE TOTAL AMOUNT OF AUTHORIZED EXPENSES,] the total value of prizes
12 [AWARDED], and the total amount of net proceeds paid to each authorizing
13 permittee. [THE ANNUAL REPORT MUST ALSO INCLUDE A COMPLETED
14 INTERNAL REVENUE SERVICE FORM W-2 FOR EACH PERSON EMPLOYED
15 BY THE OPERATOR DURING THE PRECEDING YEAR.]

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

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

25 * **Sec. 7.** AS 05.15.105(b) is amended to read:

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

29 (1) of a law of this state that is, or a law or ordinance of another
30 jurisdiction that would be if it was committed in this state, a class B felony other than
31 extortion, a class C felony, or an unclassified felony described outside of AS 11, and

that is not a crime of dishonesty or theft or a violation of gambling laws, terminates 10 years after the person's conviction;

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

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

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

* **Sec. 8.** AS 05.15.105 is amended by adding a new subsection to read:

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

* **Sec. 9.** AS 05.15.115(b) is amended to read:

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

* **Sec. 10.** AS 05.15.115(d) is amended to read:

(d) **An operator** [A PERMITTEE] shall **electronically** submit [BY CERTIFIED MAIL] to the department for approval a copy of each contract with **a permittee** [AN OPERATOR] with whom the **operator** [PERMITTEE] contracts to conduct activities subject to this chapter. The contract must meet the requirements of this section. The department shall approve or disapprove the contract. If the contract is disapproved, reasons for the disapproval shall be provided in writing to the **operator**

[PERMITTEE]. Activities may not be conducted under the contract before the contract is approved. Subsequent amendments to an approved contract do not take effect until the amendments are approved by the department.

* **Sec. 11.** AS 05.15.122 is amended by adding new subsections to read:

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

- (1) the operator has filed all reports required under AS 05.15.087;
- (2) the operator's license has not been revoked by the department in the immediately preceding five years; and
- (3) the operator has conducted pull-tab games for at least the preceding three years.

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

* **Sec. 12.** AS 05.15.122(e), enacted by sec. 11 of this Act, is amended to read:

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

- (1) the operator has filed all reports required under AS 05.15.087; **and**
- (2) the operator's license has not been revoked by the department in the immediately preceding five years [; AND
- (3) THE OPERATOR HAS CONDUCTED PULL-TAB GAMES FOR AT LEAST THE PRECEDING THREE YEARS].

* **Sec. 13.** AS 05.15.128(a) is amended to read:

(a) The department shall revoke

- (1)** the license of an operator who does not [(1) REPORT AN

ADJUSTED GROSS INCOME OF AT LEAST 15 PERCENT OF GROSS INCOME ANNUALLY BASED ON THE TOTAL OPERATION OF THE OPERATOR; OR (2)] pay to each authorizing permittee annually at least 30 percent of the adjusted gross income [, AS DETERMINED UNDER (1) OF THIS SUBSECTION,] from a pull-tab activity or at least 10 percent of the adjusted gross income [, AS DETERMINED UNDER (1) OF THIS SUBSECTION,] from a gaming activity other than pull-tabs [,] received from activities conducted on behalf of the authorizing permittee;

(2) a multiple-beneficiary permit if payments under the multiple-beneficiary permit to the holders of the multiple-beneficiary permit do not annually total at least 30 percent of the adjusted gross income from a pull-tab activity or at least 10 percent of the adjusted gross income from a gaming activity other than pull-tabs received from activities conducted on behalf of the authorizing multiple-beneficiary permit.

* Sec. 14. AS 05.15.165(a) is amended to read:

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

* Sec. 15. AS 05.15.165(c) is amended to read:

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

* Sec. 16. AS 05.15.170(a) is amended to read:

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

(1) violates or fails to comply with a requirement of this chapter or of a

regulation adopted under this chapter;

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

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

(4) knowingly submits false information to the department or, in the case of a registered vendor, to a permittee when the vendor knows that the false information will be submitted to the department as part of an application for registration; or

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

* **Sec. 17.** AS 05.15.170 is amended by adding new subsections to read:

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

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

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

(b) With the exception of raffles, lotteries, bingo games, pull-tab games, **electronic pull-tabs**, freeze-up classics, race classics, rain classics, goose classics, mercury classics, deep freeze classics, dog mushers' contests, snow classics, snow

1 machine classics, canned salmon classics, salmon classics, animal classics, crane
2 classics, cabbage classics, Calcutta pools, big bull moose derbies, and king salmon
3 classics, a permit may not be issued for an activity under this chapter unless it existed
4 in the state in substantially the same form and was conducted in substantially the same
5 manner before January 1, 1959. A permit may not be issued for a snow machine
6 classic under this chapter unless it has been in existence for at least five years before
7 the permit is issued. A permit may not be issued for an animal classic under this
8 chapter unless it was in existence before November 1, 2002.

9 * **Sec. 19.** AS 05.15.180(d) is amended to read:

10 (d) The total value of door prizes offered or awarded under authority of a
11 permit issued to a municipality or qualified organization under this chapter or under
12 authority of a multiple-beneficiary permit may not exceed **\$50,000** [\$20,000] a month
13 or **\$600,000** [\$240,000] a year.

14 * **Sec. 20.** AS 05.15.180(e) is amended to read:

15 (e) **The department shall adopt regulations that set prize amounts for**
16 **bingo games. The regulations must allow an operator of a bingo game to award**
17 **prizes of not more than \$10,000 in one bingo session and award a top prize of not**
18 **more than \$2,500 in a bingo game.** The total value of all door prizes offered or
19 awarded at a single facility or bingo hall or parlor by an operator on behalf of
20 authorizing permittees may not exceed **\$40,000** [\$20,000] a month or **\$480,000**
21 **[\$240,000] a year. An operator of a bingo game may offer progressive bingo. A**
22 **progressive bingo game does not count toward the prize limitations in this**
23 **subsection. In a progressive bingo game,**

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

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

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

1 * **Sec. 21.** AS 05.15.180(f) is amended to read:

2 (f) A person under the age of 18 [19] years may not play a bingo game.

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

4 (g) A municipality or a qualified organization may award a maximum of
5 \$2,000,000 in prizes each year in activities authorized under this chapter [;
6 HOWEVER, IF A MUNICIPALITY OR A QUALIFIED ORGANIZATION
7 CONTRACTS WITH AN OPERATOR TO CONDUCT ON ITS BEHALF
8 ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE MUNICIPALITY OR
9 QUALIFIED ORGANIZATION MAY AWARD A MAXIMUM OF \$500,000 IN
10 PRIZES EACH YEAR]. A municipality or a qualified organization that conducts a
11 contest of skill and awards more than \$1,000,000 in prizes to the participants in that
12 contest of skill may exclude \$1,000,000 in prizes awarded to those participants from
13 the \$2,000,000 maximum allowed in this subsection. The holders of a multiple-
14 beneficiary permit under AS 05.15.100(d) may award a maximum in prizes each year
15 of \$2,000,000 times the number of holders of the permit for activities authorized under
16 this chapter. In this subsection, "activities authorized under this chapter" means all
17 activities subject to this chapter other than bingo and electronic pull-tabs.

18 * **Sec. 23.** AS 05.15.180 is amended by adding new subsections to read:

19 (i) A municipality or a qualified organization may award a maximum of
20 \$4,000,000 in prizes for electronic pull-tab games each year. The holders of a
21 multiple-beneficiary permit issued under AS 05.15.100(d) may award a maximum in
22 prizes each year of \$4,000,000 times the number of holders of the permit for activities
23 authorized under this chapter for electronic pull-tab games.

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

27 * **Sec. 24.** AS 05.15.181(d) is amended to read:

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

31 * **Sec. 25.** AS 05.15.181 is amended by adding new subsections to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) a manufacturer;

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

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

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

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

(m) A pull-tab manufacturer may make available a paper pull-tab game exclusively to one distributor during the first five years of production of the game. After five years of production, the manufacturer shall make the game available to all distributors. However, the manufacturer may continue to make a paper pull-tab game exclusively available to one distributor after five years of production if the distributor sells the game only to a single licensee. A paper pull-tab game is exclusive to one

distributor only if the game contains significantly unique graphics. Minor changes made to an existing pull-tab game do not create an exclusive game.

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

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

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

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

* **Sec. 26.** AS 05.15.183(a) is amended to read:

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

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

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

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

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

- (1) take an order for the purchase of a pull-tab series from a vendor;
- (2) sell a pull-tab series to a vendor; or
- (3) deliver a pull-tab series to a vendor, except an electronic pull-tab

series as expressly authorized in this subsection.

* **Sec. 29.** AS 05.15.183 is amended by adding new subsections to read:

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

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

(h) A distributor may not

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

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

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

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

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

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

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

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

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

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

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

(j) A distributor may provide marketing, promotional, or point-of-sale items or materials for the promotion of lawful gaming to a municipality or qualified organization, operator, or multiple-beneficiary permittee for use at a premises where gaming is conducted by holders of a license or permit under this chapter. The total value of marketing, promotional, or point-of-sale items or materials that a distributor provides to a municipality or qualified organization, operator, or multiple-beneficiary permittee may not exceed \$250 a year. A distributor shall file an annual report with the department by a date determined by the department that lists the value of items or materials provided under this subsection in the past year. The report must identify the physical locations where the items or materials will be used or displayed.

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

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

(m) A contract between a distributor and a permittee

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

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

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

* **Sec. 30.** AS 05.15.185 is amended to read:

Sec. 05.15.185. Distribution of pull-tab games. Each series of pull-tabs distributed in the state must have a serial number and be sealed or encrypted in a manner [AND HAVE A SERIAL NUMBER LABEL ISSUED BY THE

1 NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURERS
2 OR OTHER SERIAL NUMBER LABEL] approved by the department and may be
3 distributed only to

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

6 (2) an operator; [ON BEHALF OF AN AUTHORIZING
7 PERMITTEE; OR]

8 (3) a distributor licensed under this chapter; or

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

10 * **Sec. 31.** AS 05.15.185 is amended by adding new subsections to read:

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

12 (1) have a predetermined and finite number of winning and
13 nonwinning tickets;

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

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

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

17 (1) exceed 15,000 tickets;

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

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

22 * **Sec. 32.** AS 05.15 is amended by adding a new section to read:

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

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

26 (2) may accept credits or credit vouchers purchased with United States
27 currency in paper form, a debit card transaction, electronically transferred funds, or
28 other electronic payment mechanisms;

29 (3) may not accept credit card transactions;

30 (4) must clearly display the result and any prize awarded following the
31 play of an electronic pull-tab game on the electronic pull-tab device and reveal the

1 numbers or series of the pull-tab on the device;

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

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

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

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

12 (2) dispense anything of value.

13 (c) A device used to play electronic pull-tabs must be incorporated into an
14 electronic pull-tab system and may not be used for personal communication.
15 Connections between all components and access points of the electronic pull-tab
16 system must use secure communication protocols designed to prevent unauthorized
17 access or tampering, employing advanced encryption standard specifications adopted
18 by the National Institute of Standards and Technology, or in accordance with IEEE
19 802.11 standards contained in the Wi-Fi Protected Access II authentication protocols
20 or other nationally recognized security protocols as prescribed by the department.

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

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

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

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

30 * **Sec. 33.** AS 05.15.187(d) is amended to read:

31 (d) A paper pull-tab series may not be withdrawn from sale until all pull-tabs

1 in the series are sold, except that a pull-tab series may be withdrawn from sale if a
2 manufacturing defect exists in the series and the department is notified of the defect
3 and of the withdrawal from sale within a period established by regulation by the
4 department.

5 * **Sec. 34.** AS 05.15.187(e) is amended to read:

6 (e) Pull-tabs may not be sold to or accessed by a person under the age of **18**
7 [21] years. A person under the age of **18** [21] years may not purchase or redeem a
8 pull-tab.

9 * **Sec. 35.** AS 05.15.187(f) is amended to read:

10 (f) Each permittee that had gross receipts exceeding \$100,000 during the
11 preceding year from activities conducted under this chapter or that is required to report
12 under AS 05.15.080(a) shall maintain records as required by this subsection. A
13 permittee [,] that conducts a paper pull-tab game shall maintain records for two years
14 of each prize of **\$100** [\$50] or more, the first day and last day that each series was
15 distributed, the serial number of each series, and the distributor from whom each series
16 was purchased. A permittee that conducts an electronic pull-tab game shall
17 maintain records for two years of each prize that is more than \$500 and greater
18 than 500 times the ticket price [IN THIS SECTION "PERMITTEE" INCLUDES
19 MUNICIPALITIES AND QUALIFIED ORGANIZATIONS THAT JOINTLY HOLD
20 A MULTIPLE-BENEFICIARY PERMIT].

21 * **Sec. 36.** AS 05.15.187(i) is amended to read:

22 (i) A permittee, operator, or registered vendor may not turn over a prize of
23 **\$100** [\$50] or more to a person with a paper pull-tab card entitling the person to that
24 prize unless the person signs a receipt for the prize and returns the receipt to the
25 permittee, operator, or vendor. The receipt must be in a form approved by the
26 department.

27 * **Sec. 37.** AS 05.15.187 is amended by adding new subsections to read:

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

31 (k) The department shall limit the number of tablets a permittee, licensee, or

1 vendor has in play at a location to one tablet for every six persons permitted to occupy
2 the premises or 10 tablets total, whichever is greater.

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

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

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

11 * **Sec. 38.** AS 05.15.188(g) is amended to read:

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

15 * **Sec. 39.** AS 05.15.188(h) is amended to read:

16 (h) If a permittee contracts with a vendor under (a) of this section for paper
17 pull-tabs, the contract must provide that the permittee shall receive not [NO] less than
18 70 percent of the ideal net.

19 * **Sec. 40.** AS 05.15.188(i) is amended to read:

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

26 * **Sec. 41.** AS 05.15.188 is amended by adding new subsections to read:

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

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

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

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

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

(q) A vendor shall pay the permittee by check or electronic funds transfer and identify the payee not later than the 15th day of each month for the previous month's sales. If a vendor fails to make a payment on time, the distributor shall disable the vendor's electronic pull-tab games until payment is made. If a vendor's payment is 60 or more days past due, the Alcoholic Beverage Control Board may suspend the vendor's license or permit under AS 04.11.370(c). A distributor may facilitate the timely transfer of a payment from a vendor to a permittee by using a third party approved by the department. The department may adopt regulations to implement this subsection.

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

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

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

* **Sec. 42.** AS 05.15.640(a) is amended to read:

(a) A person may not use broadcasting to [PROMOTE OR] conduct a

charitable gaming activity under this chapter [EXCEPT THAT A PERSON MAY USE

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

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

* **Sec. 43.** AS 05.15.640(c) is amended to read:

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

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

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

* **Sec. 44.** AS 05.15.690(1) is amended to read:

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

* **Sec. 45.** AS 05.15.690(33) is amended to read:

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

* **Sec. 46.** AS 05.15.690(39) is amended to read:

(39) "**pull-tab or** pull-tab game" means a game of chance where a card, **or electronic representation of 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

1 is awarded for a card, or electronic representation of a card, containing certain
2 numbers or symbols designated in advance and at random;

3 * **Sec. 47.** AS 05.15.690(40) is amended to read:

4 (40) "qualified organization" means a bona fide civic or service
5 organization or a bona fide religious, charitable, fraternal, veterans, labor, political, or
6 educational organization, school-based extracurricular or co-curricular booster
7 club, police or fire department and company, dog mushers' association, outboard
8 motor association, or fishing derby or nonprofit trade association in the state, that
9 operates without profits to its members and that has been in existence continually for a
10 period of three years immediately before applying for the license or permit, or a
11 booster club that has been in existence continually for a period of less than three
12 years if the booster club's primary function is to support a school-based
13 extracurricular or cocurricular activity that has been in existence continually for
14 a period of three years immediately before the booster club applies for the license
15 or permit; the organization may be a firm, corporation, company, association, or
16 partnership; in this paragraph, "fishing derby association" means a civic, service, or
17 charitable organization in the state, not for pecuniary profit, whose primary purpose is
18 to promote interest in fishing for recreational purposes, but does not include an
19 organization formed or operated for gaming or gambling purposes;

20 * **Sec. 48.** AS 05.15.690(46) is amended to read:

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

23 * **Sec. 49.** AS 05.15.690 is amended by adding new paragraphs to read:

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

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

29 (53) "immediate family member" has the meaning given in
30 AS 39.52.960;

31 (54) "manufacturer" includes a manufacturer salesperson or a

representative, agent, affiliate, or other employee of a manufacturer.

* **Sec. 50.** AS 05.15.060(b), 05.15.115(c), 05.15.150(b), 05.15.160, 05.15.165(b), 05.15.640(b), 05.15.640(g)(2), and 05.15.640(g)(3) are repealed.

* **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 05.15.183(m), enacted by sec. 29 of this Act, applies to a contract entered into, renewed, or amended on or after the effective date of sec. 29 of this Act.

* **Sec. 52.** The uncodified law of the State of Alaska is amended by adding a new section to read:

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

* **Sec. 53.** Section 52 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 54.** Section 12 of this Act takes effect January 1, 2031.

* **Sec. 55.** Except as provided in secs. 53 and 54 of this Act, this Act takes effect January 1, 2027.