



SB 188

"An Act establishing the Alaska Lottery Corporation; relating to the powers, duties, and laws applicable to the Alaska Lottery Corporation; establishing a lottery profits fund as an account of the general fund; establishing the crime of unlawful sale of a lottery ticket; and providing for an effective date."

Sectional Analysis

Section 1. Creates a new Chapter 18 within AS 05, as follows:

Article 1. Creation and Organization

Section 05.18.010 - Establishes the Alaska Lottery Corporation to establish and operate a lottery to generate revenue for the state of Alaska.

Section 05.18.020 - The corporation shall be governed by a board of directors consisting of seven members appointed by the Governor, two of whom shall be the commissioner of revenue and a second commissioner of the Governor's choice.

Section 05.18.030 – Establishes the authority for the board to elect a board chair and vice-chair and sets director per diem and travel expenses compensation.

Section 05.18.040 – Establishes the frequency of board meetings, public notice requirements and quorum requirements.

Section 05.18.050 – Establishes the authority for the board to adopt, amend, and repeal bylaws.

Section 05.18.060 – Establishes the authority and requirements for the board to employ a chief executive officer, a chief financial officer, and other officers as required.

Section 05.18.070 – Establishes the attorney general as legal counsel for the corporation.

Section 05.18.080 – Establishes the authority for the board to hire employees and contracted advisors.

Section 05.18.090 – Sets disqualification standards for corporate officers and employees with felony convictions or other unlawful gambling activities.

Section 05.18.100 – Classifies corporate officers and employees into the exempt service under AS 39.25.

Section 05.18.110 – Authorizes the board to hire a lottery contractor. Sets provisions for lottery contractor fingerprinting requirements, criminal background checks, and disqualification based on certain felony convictions.

Article 2. Powers and Duties

Section 05.18.200 – Grants the corporation the power to: create, manage, and maintain the lottery; set lottery prices and prizes; appoint, monitor, and terminate sales agents; enter into contracts and leases; purchase lottery materials; collect, hold, and disburse corporate income; perform on agreements with private and governmental agencies; study lottery operations in other states; sue and be sued; adopt a seal; and other necessary activities.

Section 05.18.210 - Establishes the authority and requirements for the board to adopt regulations regarding: lottery conduct; prize schedules; prize disbursement including coordination with the court system and other government agencies; dispute resolution; sales agents; and lottery ticket assignment.

Section 05.18.220 – Except for contracts with sales agents, this section requires corporate procurement to be compliant with the State Procurement Code.

Section 05.18.230 – Requires the corporation to comply with the Alaska Public Records Act.

Section 05.18.240 – Establishes corporate insurance requirements.

Section 05.18.250 – Establishes annual corporate reporting requirements to the governor, legislature and the public by the 10th day of each regular session of the legislature.

Article 3. Financial Matters

Section 05.18.300 – Establishes a lottery profits fund in the corporation. The corporation may expend money in the fund subject to appropriation by the legislature. Quarterly, net profits of the corporation shall be disbursed from the lottery profits fund to the State general fund.

Section 05.18.310 – Requires the corporation to comply with the Executive Budget Act.

Section 05.18.320 – Requires an annual audit by a certified public accountant approved by the legislative auditor. Requires audited annual financial statements to be made available to the legislature, governor, and general public.

Section 05.18.330 – Authorizes the corporation to make withdrawals from sales agent accounts.

Article 4. Sales Agents

Section 05.18.400 – Authorizes the corporation to enter into agreements with independent contractors to serve as sales agents. Establishes two-year contract terms and standards for

renewal. Requires sales agent contract assignments to receive prior written approval by the corporation. Under supervision, a sales agent is authorized to use its employees to perform under the contract with the corporation.

Section 05.18.410 – Establishes provisions for sales agent applications. The application must be in written form. The corporation may charge an application fee. Sets provisions for sales agent fingerprinting requirements and criminal background checks.

Section 05.18.420 – Establishes sales agent qualifications including: 1.) engaged in retail business other than the sale of lottery tickets; 2.) if an individual, at least 18 years old; and 3.) is not disqualified because of certain felony convictions.

Section 05.18.430 – Requires the corporation to evaluate sales agent applications considering factors like: applicant finances; public access to the applicant's place of business; ability to promote the lottery; expected sales volume; sufficiency of sales agents in the area; and other appropriate factors.

Section 05.18.440 – Authorizes the corporation to establish sales agent compensation levels. Requires the corporation to consider the costs of ticket sales, reporting requirements, and other criteria.

Section 05.18.450 – Requires sales agents to deposit net lottery sales receipts into an authorized account, and file reports with the corporation. Failure to file reports is deemed a breach of contract. The corporation is authorized to charge interest and/or fees for funds owed but not paid within 10 days, and for dishonored checks or other forms of payment.

Section 05.18.460 – Authorizes the corporation to place liens against sales agent property for failing to pay funds owed. Establishes a process the corporation must follow to place liens.

Section 05.18.470 – Authorizes the corporation to suspend or terminate a sales agent contract for breach of contract or violation of corporate regulations, or provisions of this chapter. Upon suspension or termination, the sales agent must return all unsold lottery tickets.

Article 5. Lottery Provisions

Section 05.18.500 – Authorizes the corporation to offer a wide variety of lottery games through a wide range of media.

Section 05.18.510 – Requires the corporation to assure that the odds of winning are stated on every lottery play.

Section 05.18.520 – Preserves the winners right to anonymity. This right does not preclude the corporation from coordinating with the court system and/or other government agencies for the purpose of attachment of past due obligations.

Section 05.18.530 – A ticket may not be sold to a minor. This section establishes provisions for prize payment in the event a minor receives a winning ticket as a gift.

Section 05.18.550 – Neither employees, directors, nor officers of the corporation or the lottery contractor may purchase lottery tickets or win prizes.

Section 05.18.550 – Establishes that lottery tickets may be assigned prior to a prize determination. Establishes provisions for other type of assignments.

Section 05.18.560 – Establishes that prizes not claimed within one year are forfeited to the corporation and provides for certain exemptions for active military service members.

Article 6. General Provisions

Section 05.18.600

Exempts the corporation from all taxes and assessments of the state or any municipality of the state. Exempts the sales of lottery tickets from any tax of any municipality of the state.

Section 05.18.610 – Exempts the corporation and the sale of lottery tickets from regulation by any municipality of the state.

Section 05.18.690 – Contains a list of definitions.

Section 05.18.695 – Establishes the short title of the chapter as the “Alaska Lottery Corporation Act.”

Section 2. Amends AS 11.66.280(3) – Excludes the activities of the corporation, its contractors and sales agents from this section’s definition of “gambling.”

Section 3. Amends AS 11.66 to add new section – Adds a new section 11.66.400 which establishes the crime of unlawful sale of a lottery ticket for any person who sells lottery tickets without a contract with the corporation, sells a lottery ticket at a price greater than that established by the corporation, or who sells a ticket to a minor.

Section 4. Amends AS 12.62.400(a) - Adds employees, officers and directors of the corporation to the list of those subject to fingerprinting and national criminal history checks.

Section 5. Amends AS 12.62.400(c) – Adds prospective lottery contractors and sales agents to the list of those whose fingerprints are submitted to the FBI for the purpose of obtaining a national criminal history record check.

Section 6. Amends AS 18.65.090 – Authorizes the Department of Public Safety to conduct criminal background checks on individuals selected to serve as a director, officer, or employee of the corporation.

Section 7. Amends AS 36.30.900(1) – With respect to the State Procurement Code, this section adds the corporation regarding the solicitation of and contracts with sales agents to the definition of agency.

Section 8. Amends AS 37.14 to add new sections – Adds a new Article 11., Lottery Profits Fund. Section 37.14.900 establishes a new lottery profits fund as a separate account of the general fund and designates appropriations from the fund to support a variety of programs including: the education endowment fund, domestic violence prevention, drug abuse prevention, foster care, seniors, and

homelessness. Section 37.14.910 designates the commissioner of revenue as the fund's fiduciary and specifies the powers and duties of the commissioner with respect to the fund.

Section 9. Amends AS 39.25.110(11) – Adds the corporation's officers and employees to those in the exempt service.

Section 10. Amends AS 39.50.200(b) – Adds the corporation to the list of state commissions or boards within the public official disclosure statutes.

Section 11. Amends AS 40.25.120 – Amends Section 40.25.120 to exempt the names, addresses, and other information identifying lottery winners from the public records disclosure requirements.

Section 12. Amends AS 43.23.220(a) – Adds transfers from the lottery profits fund to the list of appropriations eligible for transfer to the education endowment fund.

Section 13. Amends AS 44.64.030(a) – Adds the corporation to the jurisdiction of the Office of Administrative Hearings.

Section 14. – Creates staggered initial terms for the corporation's directors.

Section 15. – Creates an effective date of July 1, 2020.