

HOUSE BILL NO. 536

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 2/29/96

Referred: Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to charitable gaming."**

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

3 * **Section 1.** AS 05.15.020(b) is repealed and reenacted to read:

4 (b) In addition to the fee provided in (c) of this section, each municipality or
5 qualified organization that has gross receipts of \$20,000 or more from an authorized
6 activity, other than bingo or pull-tab games, shall annually pay to the department one
7 percent of the net proceeds received during the preceding year from that authorized
8 activity.

9 * **Sec. 2.** AS 05.15.060(a) is amended to read:

10 (a) The department shall adopt regulations under AS 44.62 (Administrative
11 Procedure Act) necessary to carry out this chapter covering, but not limited to,

12 (1) the issuance, renewal, and revocation of permits, licenses, and
13 vendor registrations;

14 (2) a method of

15 (A) ascertaining net proceeds of

1 (i) an activity conducted by a permittee or operator
2 other than bingo or pull-tab games, the determination of items of
3 expense that may be incurred or paid, and the limitation of the amount
4 of the items of expense to prevent the proceeds from the activity
5 permitted from being diverted to noncharitable, noneducational,
6 nonreligious, or profit-making organizations, individuals, or groups;

7 (ii) bingo or pull-tab games conducted by the holders
8 of a multiple-beneficiary permit, the determination of items of
9 expense that may be incurred or paid, and the limitation of the
10 amount of the items of expense to prevent the proceeds from the
11 activity permitted from being diverted to noncharitable,
12 noneducational, nonreligious, or profit-making organizations,
13 individuals, or groups;

14 (B) accounting for gross receipts from bingo or pull-tab
15 games conducted by a municipality or qualified organization or an
16 operator and of assuring that payments due to permittees, the holders of
17 a multiple-beneficiary permit, and the department are made at the times
18 and in the amounts or percentages required and to prevent the proceeds
19 from the activity permitted from being diverted to noncharitable,
20 noneducational, nonreligious, or profit-making organizations, individuals,
21 or groups;

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

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

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

30 (6) the method and manner of conducting authorized activities and
31 awarding of prizes or awards, and the equipment that may be used;

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

9 (8) a method of accounting for receipts and disbursements by operators,
10 including the keeping of records and requirements for the deposit of all receipts in a
11 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 and in king salmon classics, and by employees
18 of Douglas Island Pink and Chum in king salmon classics;

19 (11) other matters the department considers necessary to carry out this
20 chapter or protect the best interest of the public.

21 * **Sec. 3.** AS 05.15 is amended by adding a new section to read:

22 Sec. 05.15.075. BINGO AND PULL-TAB GAME TAX. Each municipality or
23 qualified organization that is permitted to conduct, or that is one of the holders of a
24 multiple-beneficiary permit to conduct, a bingo or pull-tab game shall pay a bingo and
25 pull-tab game tax in the amount of (1) five percent of the total gross receipts from
26 bingo and pull-tab games, other than pull-tab games conducted by a registered vendor,
27 and (2) five percent of the ideal gross from a pull-tab game conducted by a registered
28 vendor. The tax shall be paid quarterly in the manner provided in AS 05.15.080.

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

30 (a) A municipality or a qualified organization issued a permit under this
31 chapter shall file a report with the department by the 45th day following each calendar

1 quarter in which the permittee had gross receipts **from bingo or pull-tab games** [OF
2 \$50,000 OR MORE FROM ACTIVITIES] authorized under this chapter. The report
3 must include, **for the bingo and pull-tab games** [THE TYPE OF ACTIVITY
4 CONDUCTED], the **dates** [DATE] and **locations** [LOCATION] of the **games, the**
5 **amount of gross receipts from bingo and** [ACTIVITY], the amount of gross receipts
6 **from pull-tab games**, the amount of **gaming** [AUTHORIZED] expenses, the value of
7 prizes awarded, [THE AMOUNT OF NET PROCEEDS,] and other information the
8 department may require. **The quarterly tax payment required under AS 05.15.075**
9 **shall be submitted with the report.** A [HOWEVER, IF THE ONLY ACTIVITY
10 CONDUCTED BY A] municipality or qualified organization **that has not conducted**
11 **bingo or pull-tab games** during a calendar quarter is [A RAFFLE OR LOTTERY,
12 THEN THE MUNICIPALITY OR QUALIFIED ORGANIZATION IS] not required
13 to file a report under this subsection [UNTIL THE RAFFLE OR LOTTERY IS
14 COMPLETED].

15 * **Sec. 5.** AS 05.15 is amended by adding a new section to read:

16 Sec. 05.15.082. REPORTS AND FEES REQUIRED OF MULTIPLE-
17 BENEFICIARY PERMITS. (a) The holders of a multiple-beneficiary permit shall file
18 a report with the department by the 45th day following each calendar quarter in which
19 the multiple-beneficiary permit had gross receipts from bingo or pull-tab games
20 authorized under this chapter. The report must include for the bingo and pull-tab
21 games, the dates and locations of the games, the amount of gross receipts from bingo
22 and the amount of gross receipts from pull-tab games, the amount of authorized
23 expenses, the value of prizes awarded, the amount of net proceeds, a completed
24 Internal Revenue Service Form 941, a copy of the employer contributions and wage
25 reports submitted to the Department of Labor for the quarter for those employed by
26 the holders of the multiple-beneficiary permits to conduct activities under this chapter,
27 and other information the department may require. The quarterly tax payment required
28 under AS 05.15.075 shall be submitted with the report. A multiple-beneficiary
29 permittee that has not conducted bingo or pull-tab games during a calendar quarter is
30 not required to file a report under this subsection.

31 (b) The holders of a multiple-beneficiary permit shall file an annual report with

1 the department by March 15 of the year following the year in which activities were
2 conducted, accompanied by the payment of the additional fee, as may be required
3 under AS 05.15.020(b). The report must list the types of activities conducted, the total
4 amount of gross receipts from bingo and the total amount of gross receipts from pull-
5 tab games, the percentage of gross receipts from bingo and pull-tab games paid to each
6 municipality and qualified organization that holds the multiple-beneficiary permit, and
7 the amount of gross receipts, authorized expenses, prizes awarded, and net proceeds
8 for each activity conducted other than bingo or pull-tab games. The annual report
9 must also include a completed Internal Revenue Service Form W-2 for each person
10 employed by the operator during the preceding year.

11 * **Sec. 6.** AS 05.15.083 is amended to read:

12 Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An
13 operator shall file a report with the department by the last business day of the month
14 following each calendar quarter in which an activity was conducted. The report must
15 include, for each authorizing permittee on whose behalf an activity was conducted
16 during the quarter, the date and location of each activity, the type of activity
17 conducted, **and, if the activity was**

18 **(1) a bingo or pull-tab game, the amount of gross receipts for bingo**
19 **and the amount of gross receipts for pull-tab games, the amount of gaming**
20 **[AUTHORIZED] expenses, the value of prizes awarded, the amount of gross receipts**
21 **[NET PROCEEDS] paid to the permittee for bingo and the amount of gross**
22 **receipts paid to the permittee for pull-tab games, and other information the**
23 **department may require;**

24 **(2) other than a bingo or pull-tab game, the amount of gross**
25 **receipts for the activity, the amount of authorized expenses, the value of prizes**
26 **awarded, the amount of net proceeds paid to the permittee, a completed Internal**
27 **Revenue Service Form 941, [; AND] a copy of the operator's employer contributions**
28 **and wage reports submitted to the Department of Labor for the quarter, and other**
29 **information the department may require; however** [. HOWEVER], if the only
30 activity conducted by an operator during the calendar quarter is a raffle or lottery, then
31 the operator is not required to file a report under this subsection until the raffle or

1 lottery is completed.

2 (b) An operator shall file an annual report with the department no later than
3 February 28 of the year following the year in which activities were conducted. The
4 report must include, for each authorizing permittee on whose behalf an activity was
5 conducted, the types of activities conducted, the total amount of gross receipts **for**
6 **each activity conducted**, the total amount of authorized expenses, the total value of
7 prizes awarded, **the total amount of gross receipts from bingo and the total amount**
8 **of gross receipts from pull-tab games paid to each authorizing permittee**, and the
9 total amount of net proceeds **from activities other than bingo or pull-tabs** paid to
10 each authorizing permittee. The annual report must also include a completed Internal
11 Revenue Service Form W-2 for each person employed by the operator during the
12 preceding year.

13 * **Sec. 7.** AS 05.15.087(a) is amended to read:

14 (a) An operator shall file a monthly report with each authorizing permittee for
15 which the operator has conducted an activity during the preceding month. The report
16 must include a daily summary of activity conducted under the permit issued to the
17 authorizing permittee and **a daily** [AN] accounting of gross receipts **from bingo, gross**
18 **receipts from pull-tab games, and gross receipts**, expenses, and net proceeds **from**
19 **each activity other than bingo or pull-tab games conducted that** [FOR THE]
20 month. A check in the amount of the **gross receipts from bingo and gross receipts**
21 **from pull-tab games and in the amount of the** net proceeds **from activities other**
22 **than bingo or pull-tabs** 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. 8.** AS 05.15.087(b) is amended to read:

26 (b) An operator shall file a quarterly report with each authorizing permittee for
27 which the operator has conducted an activity during the preceding calendar quarter.
28 The report must **at a minimum** contain **the information required to be submitted**
29 **to the department** [QUARTERLY SUMMARIES AND YEAR-TO-DATE TOTALS
30 OF THE INFORMATION PROVIDED] under **AS 05.15.083(a)** [(a) OF THIS
31 SECTION]. The operator shall file the report by the last day of the month following

1 the end of the calendar quarter.

2 * **Sec. 9.** AS 05.15.095(b) is amended to read:

3 (b) A permittee or operator may not conduct an activity under this chapter
4 during a period in which a report, tax, or fee is delinquent.

5 * **Sec. 10.** AS 05.15.095(c) is amended to read:

6 (c) A delinquent fee or tax bears interest at the rate set by AS 43.05.225.

7 * **Sec. 11.** AS 05.15.095(d) is amended to read:

8 (d) A permittee or licensee under this chapter shall pay a penalty of one
9 percent of the unpaid balance, as determined by the department, of a fee or tax due
10 under this chapter for each 30-day period or part of a 30-day period that the fee or tax
11 is delinquent. The department may waive the penalty if the failure to pay the fee or
12 tax on time is due to a reasonable cause, as defined by regulation adopted by the
13 department. The amount of the penalty may not exceed 25 percent of the unpaid fee
14 or tax.

15 * **Sec. 12.** AS 05.15.100(d) is amended to read:

16 (d) The department may issue a multiple-beneficiary permit to two to six
17 municipalities or qualified organizations or to a combination of two to six
18 municipalities and qualified organizations that apply jointly for the multiple-
19 beneficiary permit. The multiple-beneficiary permit gives the permit holders the
20 privilege of jointly conducting the activities specified in (a) of this section. In this
21 title, unless the context clearly requires otherwise, "permit" includes a multiple-
22 beneficiary permit.

23 * **Sec. 13.** AS 05.15.115(b) is amended to read:

24 (b) The contract between an authorizing permittee and an operator must
25 include the amount and form of compensation to be paid to the operator, the term of
26 the contract, the activities to be conducted by the operator on behalf of the permittee,
27 the location where the activities are to be conducted, the name and address of the
28 member in charge, and other provisions the department may require. The contract
29 may not contain a provision that requires the permittee to pay to the operator,
30 whether from gaming receipts or proceeds or from other separate funds of the
31 permittee, an amount that would result in the permittee realizing less from the

1 gaming activity than the minimum percentages of gross receipts from bingo and
2 pull-tab games required to be paid to a permittee and the minimum net proceeds
3 required to be paid to a permittee for activities other than bingo and pull-tab
4 games.

5 * **Sec. 14.** AS 05.15.115(d) is amended to read:

6 (d) A permittee shall submit by certified mail to the department for **review**
7 [APPROVAL] a copy of each contract with an operator with whom the permittee
8 contracts to conduct activities subject to this chapter. The contract must meet the
9 requirements of this section. **If the contract does not meet the requirements of this**
10 **section or contains provisions that violate this chapter or the regulations adopted**
11 **under it, the** [THE] department shall **declare** [APPROVE OR DISAPPROVE] the
12 contract **void, and may suspend or revoke the license of the operator and the**
13 **permit of the permittee. Any changes to a contract must be submitted to the**
14 **department for review under this section** [. IF THE CONTRACT IS
15 DISAPPROVED, REASONS FOR THE DISAPPROVAL SHALL BE PROVIDED IN
16 WRITING TO THE PERMITTEE. ACTIVITIES MAY NOT BE CONDUCTED
17 UNDER THE CONTRACT BEFORE THE CONTRACT IS APPROVED.
18 SUBSEQUENT AMENDMENTS TO AN APPROVED CONTRACT DO NOT TAKE
19 EFFECT UNTIL THE AMENDMENTS ARE APPROVED BY THE DEPARTMENT].

20 * **Sec. 15.** AS 05.15.128(a) is repealed and reenacted to read:

21 (a) The department shall revoke the license of an operator who does not pay
22 to each authorizing permittee

23 (1) quarterly at least 25 percent of the gross receipts from bingo and
24 25 percent of the gross receipts from a pull-tab game; or

25 (2) annually at least 10 percent of the adjusted gross income from an
26 activity other than bingo or pull-tab games.

27 * **Sec. 16.** AS 05.15.145(a) is amended to read:

28 (a) Two to six municipalities or qualified organizations, or a combination of
29 two to six municipalities and qualified organizations, may jointly apply for a multiple-
30 beneficiary permit under AS 05.15.100(d). The commissioner may not issue or renew
31 a permit except upon satisfactory proof that each joint applicant is a municipality or

1 qualified organization, the activity may be permitted under this chapter, and the
2 issuance of a permit is not detrimental to the best interests of the public. **To apply**
3 **for a multiple-beneficiary permit, each municipality or qualified organization**
4 **must at the time of application have a valid permit to individually conduct the**
5 **activities to be conducted under the multiple-beneficiary permit. The application**
6 **must also include the contract between the municipalities or qualified**
7 **organizations that will hold the multiple-beneficiary permit. The contract must**
8 **describe how the gaming activity will be conducted and how the distribution of**
9 **the receipts or proceeds will be conducted and must contain a provision that**
10 **expenses may not be distributed to the holders of the multiple-beneficiary permit.**
11 Upon request of the commissioner, the joint applicants shall prove conclusively each
12 of these requirements before a **multiple-beneficiary** permit may be issued or renewed.

13 * **Sec. 17.** AS 05.15.145(d) is amended to read:

14 (d) The holders of a multiple-beneficiary permit shall jointly file reports with
15 the department **as required** [THAT COMPLY WITH THE REPORTING
16 REQUIREMENTS IMPOSED ON OPERATORS] under **AS 05.15.082**. **The holders**
17 **of a multiple-beneficiary permit are jointly responsible for the conduct of the**
18 **activities permitted. Suspension, revocation, or other action by the department**
19 **against a multiple-beneficiary permit is an action against each holder of the**
20 **permit. The suspension or revocation of a multiple-beneficiary permit also results**
21 **in the suspension or revocation of the individual permits of the holders of the**
22 **multiple-beneficiary permit** [AS 05.15.083].

23 * **Sec. 18.** AS 05.15.145 is amended by adding new subsections to read:

24 (e) The commissioner shall revoke a multiple-beneficiary permit if the
25 following amounts are not distributed to the holders of the multiple-beneficiary permit:

26 (1) for bingo and pull-tab games, quarterly, the greater of

27 (A) at least 25 percent of the gross receipts from bingo and 25
28 percent of the gross receipts from pull-tab games; or

29 (B) the net proceeds from bingo and pull-tab games; and

30 (2) annually, for activities other than bingo or pull-tab games, not less
31 than 10 percent of the adjusted gross income from the activity.

- 1 (f) The holders of a multiple-beneficiary permit may not
2 (1) charge losses resulting from bad checks or uncollectible debts
3 against the percentage of gross receipts or the net proceeds due to the authorizing
4 permittee;
5 (2) extend credit to players;
6 (3) employ house players;
7 (4) allow the employees of the holders of the multiple-beneficiary
8 permit to play a game conducted under the multiple-beneficiary permit at the location
9 where the employee works for the holders of the multiple-beneficiary permit.

10 * **Sec. 19.** AS 05.15.150 is amended to read:

11 Sec. 05.15.150. LIMITATION ON USE OF RECEIPTS OR PROCEEDS.
12 (a) The **percentage of gross receipts, the ideal gross, and the net proceeds that are**
13 **required to be paid to, or retained by, a permittee or the holders of a multiple-**
14 **beneficiary permit for an [AUTHORITY TO CONDUCT THE] activity authorized**
15 **by this chapter may only be expended by the permittee or the holders of the**
16 **multiple-beneficiary permit for (1) the payment of the bingo and pull-tab tax**
17 **under AS 05.15.075, (2) the payment of the federal excise tax on pull-tabs, (3) the**
18 **payment of the state and federal business income taxes realized from the sale of**
19 **pull-tabs, (4) the payment of municipal sales taxes on pull-tabs, and (5) [IS**
20 **CONTINGENT UPON THE DEDICATION OF THE NET PROCEEDS OF THE**
21 **CHARITABLE GAMING ACTIVITY TO THE AWARDING OF PRIZES TO**
22 **CONTESTANTS OR PARTICIPANTS AND TO] political, educational, civic, public,**
23 **charitable, patriotic, or religious uses in the state. "Political, educational, civic, public,**
24 **charitable, patriotic, or religious uses" means uses benefiting persons either by bringing**
25 **them under the influence of education or religion or relieving them from disease,**
26 **suffering, or constraint, or by assisting them in establishing themselves in life, or by**
27 **providing for the promotion of the welfare and well-being of the membership of the**
28 **organization within their own community, or through aiding candidates for public**
29 **office or groups that support candidates for public office, or by erecting or maintaining**
30 **public buildings or works, or lessening the burden on government. **"Political,****
31 **educational, civic, public, charitable, patriotic, or religious uses" do** [, BUT DOES]

1 not include

2 [(1)] the direct or indirect payment of any portion of the **gross receipts**
3 **paid or retained, the ideal gross paid to a permittee, or the** net proceeds of a bingo
4 or pull-tab game to a lobbyist registered under AS 24.45, [;] or

5 [(2)] the erection, acquisition, improvement, maintenance, or repair of
6 real, personal, or mixed property unless it is used exclusively for one or more of the
7 permitted uses. **The expenditure of gross receipts, ideal gross, or net proceeds paid**
8 **to, or required to be retained by, a permittee or the holders of a multiple-**
9 **beneficiary permit to pay gaming expenses or for any other purpose, except as**
10 **specifically authorized in this section, is prohibited. The commissioner may**
11 **revoke the permit of a municipality or qualified organization that expends funds**
12 **in a manner prohibited by this section.**

13 (b) The **percentage of gross receipts from bingo or pull-tab games required**
14 **to be paid to a permittee, the percentage of gross receipts or the net proceeds**
15 **from bingo or pull-tab games required to be paid to the holders of a multiple-**
16 **beneficiary permit, the percentage of gross receipts or ideal gross from bingo or**
17 **pull-tab games required to be retained by a permittee, and the** net proceeds
18 derived from **an** [THE] activity **other than bingo or pull-tab games** must be devoted
19 within one year to one or more of the uses stated in (a) of this section. A municipality
20 or qualified organization desiring to hold the **gross receipts, ideal gross, or** net
21 proceeds for a period longer than one year must apply to the department for special
22 permission and upon good cause shown the department may grant the request. **The**
23 **accumulation and expenditure of funds held more than one year must be reported**
24 **to the department and accounted for by the municipality or qualified organization**
25 **annually.**

26 * **Sec. 20.** AS 05.15 is amended by adding a new section to read:

27 Sec. 05.15.155. PERCENTAGE OF GROSS RECEIPTS FROM BINGO AND
28 PULL-TAB GAMES CONDUCTED BY PERMITTEES. (a) A municipality or
29 qualified organization that conducts a bingo or pull-tab activity must retain at least 25
30 percent of the gross receipts from bingo and 25 percent of the gross receipts from pull-
31 tab games for

1 (1) payment of the tax required under AS 05.15.075 and any other
2 state, municipal, or federal taxes; and

3 (2) dedication to political, educational, civic, public, charitable,
4 patriotic, or religious uses.

5 (b) The commissioner shall revoke the permit of a municipality or qualified
6 organization that fails to retain at least 25 percent of the gross receipts from bingo and
7 25 percent of the gross receipts from pull-tab games as provided in (a) of this section.

8 (c) In this section, "political, educational, civic, public, charitable, patriotic, or
9 religious uses" has the meaning given in AS 05.15.150.

10 * **Sec. 21.** AS 05.15.160 is amended to read:

11 Sec. 05.15.160. AUTHORIZED EXPENSES. (a) The only expenses that may
12 be incurred or paid in connection with the **conduct** [OPERATION] of an activity **by**

13 **(1) the holders of a multiple-beneficiary permit are bona fide**
14 **expenses reasonably necessary for**

15 **(A) goods, wares, and merchandise necessary for the conduct**
16 **of the activity;**

17 **(B) personal services involved with the conduct of the**
18 **activity, including those performed by an employee of the holders of a**
19 **multiple-beneficiary permit;**

20 **(2) a permittee or an operator on behalf of a permittee** under a
21 permit issued under this chapter **for the conduct of an activity other than bingo or**
22 **pull-tab games** are bona fide expenses reasonably necessary for

23 **(A)** [(1)] goods, wares, and merchandise necessary for the
24 **conduct** [OPERATION] of the activity;

25 **(B)** [(2)] personal services involved with the **conduct**
26 [OPERATION] of the activity, including those performed by

27 **(i)** [(A)] an employee of the permittee; or

28 **(ii)** [(B)] an operator hired by the permittee to conduct
29 the activity if the compensation is not related to the receipts from the
30 activity.

31 (b) **Expenses for personal services under (a) of this section are bona fide**

1 **if the** [MUNICIPALITIES, QUALIFIED ORGANIZATIONS, AND OPERATORS
2 MAY PAY THEIR EMPLOYEES A REASONABLE AMOUNT IN] wages or other
3 compensation for personal services **are reasonable in amount** [RENDERED BY
4 THEIR EMPLOYEES WHILE THE EMPLOYEES ARE ENGAGED IN ACTIVITIES
5 SUBJECT TO THIS CHAPTER]. A reasonable amount of compensation is an amount
6 approximating the amount ordinarily paid by similar businesses for similar work
7 performed under similar circumstances.

8 (c) The total amount of authorized expenses that may be incurred under **(a)(1)**
9 [(a)] of this section in connection with a **bingo or pull-tab game** [ACTIVITY] may
10 not exceed **75** [70] percent of the **gross receipts** [ADJUSTED GROSS INCOME] from
11 **the bingo or** [THAT] pull-tab **games** [ACTIVITY].

12 (d) The total amount of authorized expenses that may be incurred under (a) of
13 this section in connection with any gaming activity other than **bingo or pull-tab**
14 **games** [PULL-TABS] may not exceed 90 percent of the adjusted gross income from
15 that gaming activity.

16 * **Sec. 22.** AS 05.15.165(a) is amended to read:

17 (a) An operator shall pay **percentages of gross receipts and the** net proceeds
18 to the authorizing permittee by check.

19 * **Sec. 23.** AS 05.15.165(f) is amended to read:

20 (f) An operator may not

21 (1) charge losses resulting from bad checks or uncollectible debts
22 against the **percentage of gross receipts or the** net proceeds due to the authorizing
23 permittee;

24 (2) extend credit to players;

25 (3) employ house players;

26 (4) allow the operator's employees to play a game conducted by the
27 operator at the location where the employee works for the operator.

28 * **Sec. 24.** AS 05.15.167(a) is amended to read:

29 (a) The bond or security filed under AS 05.15.122(b) must be made payable
30 to the department and must be conditioned upon payment of the amounts due to the
31 department and payment of **the percentage of gross receipts or the** net proceeds due

1 to the authorizing permittee. If the operator fails to make the required payments, the
2 operator forfeits the bond or security to the department.

3 * **Sec. 25.** AS 05.15.167(b) is amended to read:

4 (b) The amount forfeited under (a) of this section shall be first used to satisfy
5 delinquent fees, taxes, interest, and penalties due the department under this chapter.
6 If the bond or security is not exhausted by payment of delinquent fees, taxes, interest,
7 and penalties, the department may use the remaining amount to pay the percentage
8 of gross receipts and the net proceeds due an authorizing permittee. The total
9 amount available for payment of the percentage of gross receipts and the net
10 proceeds shall be prorated among the permittees to whom gross receipts or proceeds
11 are due from that operator.

12 * **Sec. 26.** AS 05.15.188(h) is amended to read:

13 (h) If a permittee contracts with a vendor under (a) of this section, the contract
14 must provide that the permittee shall receive no less than 27 [70] percent of the ideal
15 gross [NET].

16 * **Sec. 27.** AS 05.15.188(i) is amended to read:

17 (i) An amount equal to the ideal gross [NET] less the compensation owed to
18 the vendor shall be paid by the vendor to the member-in-charge upon delivery of a
19 pull-tab series to the vendor for sale. The amount required to be paid by the vendor
20 shall be paid by check and the check may not be drawn in a manner that the payee is
21 not identified.

22 * **Sec. 28.** AS 05.15.690(23) is amended to read:

23 (23) "ideal gross [NET]" means an amount equal to the total amount
24 of receipts that would be received if every individual pull-tab ticket in a series were
25 sold at face value [, LESS THE PRIZES TO BE AWARDED FOR THAT SERIES];

26 * **Sec. 29.** AS 05.15.184 is repealed.