

**SENATE BILL NO. 277**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY SENATOR TAYLOR

Introduced: 2/9/96

Referred: JUD, FIN

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to charitable gaming and gaming on state ferries; and providing  
2 for an effective date."

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

4 \* **Section 1.** AS 05.15.070 is amended to read:

5           Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The  
6 department may examine or have examined the books and records of a permittee, an  
7 operator, a registered vendor, or a person licensed to manufacture or to distribute **video**  
8 **lottery machines** [PULL-TAB GAMES] in the state. The department may issue  
9 subpoenas for the attendance of witnesses and the production of books, records, and  
10 other documents.

11 \* **Sec. 2.** AS 05.15.095(a) is amended to read:

12           (a) The applications and reports to the department required by this chapter  
13 shall be signed under penalty of unsworn falsification by the following person, as  
14 applicable:

- 1 (1) the member in charge for the qualified organization;
- 2 (2) a person authorized to sign on behalf of the municipality;
- 3 (3) the operator or the operator's agent;
- 4 (4) the licensed video lottery machine [PULL-TAB] distributor or the
- 5 distributor's agent; [OR]
- 6 (5) the licensed video lottery machine [PULL-TAB] manufacturer or
- 7 the manufacturer's agent; or
- 8 **(6) the registered vendor or the vendor's agent.**

9 \* **Sec. 3.** AS 05.15.100(a) is amended to read:

10 (a) The department may issue a permit to a municipality or qualified  
11 organization. The permit gives the municipality or qualified organization the privilege  
12 of conducting bingo, raffles, [AND] lotteries, [PULL-TAB GAMES,] ice classics, rain  
13 classics, goose classics, mercury classics, deep freeze classics, mushing sweepstakes,  
14 canned salmon classics, salmon classics, king salmon classics, dog mushers' contests,  
15 snow machine classics, fish derbies, and contests of skill.

16 \* **Sec. 4.** AS 05.15.100 is amended by adding a new subsection to read:

17 (e) The department may issue a permit to a municipality or qualified  
18 organization to conduct video lotteries through the use of video lottery machines by  
19 registered vendors.

20 \* **Sec. 5.** AS 05.15.115(c) is amended to read:

21 (c) A permittee may not contract with more than one operator at a time to  
22 conduct the same type of activity. For the purposes of this subsection, bingo games,  
23 raffles, lotteries, [PULL-TAB GAMES,] ice classics, rain classics, goose classics,  
24 mercury classics, deep freeze classics, mushing sweepstakes, canned salmon classics,  
25 salmon classics, king salmon classics, dog mushers' contests, snow machine classics,  
26 fish derbies, and contests of skill are each a different type of activity. **A permittee**  
27 **may not contract with an operator to conduct video lotteries.**

28 \* **Sec. 6.** AS 05.15.128(a) is amended to read:

29 (a) The department shall revoke the license of an operator who does not  
30 (1) report an adjusted gross income of at least 15 percent of gross  
31 income annually based on the total operation of the operator; or

1 (2) pay to each authorizing permittee annually at least [30 PERCENT  
2 OF THE ADJUSTED GROSS INCOME, AS DETERMINED UNDER (1) OF THIS  
3 SUBSECTION, FROM A PULL-TAB ACTIVITY OR AT LEAST] 10 percent of the  
4 adjusted gross income, as determined under (1) of this subsection, [FROM A  
5 GAMING ACTIVITY OTHER THAN PULL-TABS,] received from activities  
6 conducted on behalf of the authorizing permittee.

7 \* **Sec. 7.** AS 05.15.150(a) is amended to read:

8 (a) The authority to conduct the activity authorized by this chapter is  
9 contingent upon the dedication of the net proceeds of the charitable gaming activity  
10 to the awarding of prizes to contestants or participants and to [POLITICAL,]  
11 educational, civic, public, charitable, patriotic, or religious uses in the state.  
12 "**Educational** [POLITICAL, EDUCATIONAL], civic, public, charitable, patriotic, or  
13 religious uses" means uses benefiting persons either by bringing them under the  
14 influence of education or religion or relieving them from disease, suffering, or  
15 constraint, or by assisting them in establishing themselves in life, or by providing for  
16 the promotion of the welfare and well-being of the membership of the organization  
17 within their own community, [OR THROUGH AIDING CANDIDATES FOR PUBLIC  
18 OFFICE OR GROUPS THAT SUPPORT CANDIDATES FOR PUBLIC OFFICE,] or  
19 by erecting or maintaining public buildings or works, or lessening the burden on  
20 government, but does not include

21 (1) the direct or indirect payment of any portion of the net proceeds of  
22 a bingo or **video lottery** [PULL-TAB GAME] to a lobbyist registered under AS 24.45;  
23 or

24 (2) the erection, acquisition, improvement, maintenance, or repair of  
25 real, personal, or mixed property unless it is used exclusively for one or more of the  
26 permitted uses.

27 \* **Sec. 8.** AS 05.15.160(d) is amended to read:

28 (d) The total amount of authorized expenses that may be incurred under (a) of  
29 this section in connection with any gaming activity other than **video lotteries**  
30 [PULL-TABS] may not exceed 90 percent of the adjusted gross income from that  
31 gaming activity.

1 \* **Sec. 9.** AS 05.15.180(a) is amended to read:

2 (a) **Except as provided in AS 05.15.300 - 05.15.360, this** [THIS] chapter does  
3 not authorize the use of playing cards, dice, roulette wheels, coin-operated instruments  
4 or machines, or other objects or instruments used, designed, or intended primarily for  
5 gaming or gambling or any other method or implement not expressly authorized by the  
6 department.

7 \* **Sec. 10.** AS 05.15.180(b) is amended to read:

8 (b) With the exception of raffles, lotteries, bingo games, **video lotteries**  
9 [PULL-TAB GAMES], rain classics, goose classics, mercury classics, deep freeze  
10 classics, snow machine classics, mushing sweepstakes, canned salmon classics, salmon  
11 classics, king salmon classics, an activity may not be licensed under this chapter unless  
12 it existed in the state in substantially the same form and was conducted in substantially  
13 the same manner before January 1, 1959. A snow machine classic may not be licensed  
14 under this chapter unless it has been in existence for at least five years before the  
15 licensing.

16 \* **Sec. 11.** AS 05.15.180(g) is amended to read:

17 (g) A municipality or a qualified organization may award a maximum of  
18 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if  
19 a municipality or a qualified organization contracts with an operator to conduct on its  
20 behalf activities authorized under this chapter, the municipality or qualified  
21 organization may award a maximum of \$500,000 in prizes each year. The holders of  
22 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in prizes  
23 each year of \$1,000,000 times the number of holders of the permit for activities  
24 authorized under this chapter. In this subsection, "activities authorized under this  
25 chapter" means all activities subject to this chapter other than bingo **and video**  
26 **lotteries.**

27 \* **Sec. 12.** AS 05.15 is amended by adding new sections to read:

28 ARTICLE 2A. VIDEO LOTTERIES.

29 Sec. 05.15.300. VIDEO LOTTERY. (a) The department may issue a video  
30 lottery endorsement to a permittee to conduct video lottery charitable gaming. The  
31 endorsement provides the permittee with the authority to

1 (1) contract with a vendor to conduct video lottery charitable gaming  
2 by use of video lottery machines; or

3 (2) if the permittee has a club license under AS 04.11.110, conduct  
4 video lottery charitable gaming by use of video lottery machines.

5 (b) To obtain an video lottery endorsement under

6 (1) (a)(1) of this section, a permittee shall register the vendor with the  
7 department by applying for registration on a form prescribed by the department and  
8 by submitting a fee of \$100 for each location at which the vendor will conduct video  
9 lottery charitable gaming and a fee of \$100 for each video lottery machine the  
10 permittee will have at each location;

11 (2) (a)(2) of this section, the permittee shall submit proof of the club  
12 license to the department and submit a fee of \$100 for each licensed location and a fee  
13 of \$100 for each video lottery machine the permittee will operate at each location.

14 (c) The endorsement issued under (a) of this section is an extension of the  
15 permittee's privilege to conduct charitable gaming in this state. In addition to the  
16 endorsement, the department shall issue a machine permit for each video lottery  
17 machine for which the permittee has paid the fee required under (b) of this section.  
18 A permittee or registered vendor may not conduct video lottery charitable gaming until  
19 a copy of the permit and the endorsement is posted by the permittee at the  
20 establishment where the machine is located and the machine permit is posted on the  
21 machine. The permit, endorsement, and each machine permit must be clearly visible  
22 to the public.

23 (d) A separate endorsement shall be issued for each permittee or vendor  
24 location. The permittee shall inform the department when the permittee, or a vendor  
25 with whom the permittee is contracting, changes the physical location at which video  
26 lottery charitable gaming is conducted and shall return to the department all copies of  
27 a permit endorsed to a permittee, or a vendor, that is no longer conducting video  
28 lottery charitable gaming. Failure to inform the department of a change in permittee  
29 or vendor location, or to return the endorsed copies of a permit to the department after  
30 a permittee or vendor change, constitutes grounds for the suspension or revocation of  
31 a permittee's permit.

1 (e) At the time that a permittee annually renews its permit, the permittee shall  
2 also renew the registration of all locations where the permittee or a vendor is  
3 conducting video lottery charitable gaming and shall pay the fees required under (b)  
4 of this section for each location and machine.

5 (f) A permittee that uses a vendor to conduct video lottery charitable gaming  
6 on its behalf shall enter into a written contract with that vendor. The department may  
7 inspect this contract. If the contract contains provisions that violate this chapter or the  
8 regulations adopted under it, the department may declare the contract void, and may  
9 suspend or revoke the registration of the vendor and the permit of the permittee. The  
10 contract must contain provisions regarding the allocation of the costs of purchasing or  
11 leasing the video lottery machines.

12 (g) Only video lottery machines approved by the department may be used for  
13 video lottery charitable gaming. A permittee may purchase the machines directly from  
14 a licensed video lottery machine distributor or may enter into a lease or lease-purchase  
15 arrangement for the machines with the distributor. A lease or lease-purchase  
16 arrangement must be approved by the department.

17 (h) If a permittee

18 (1) contracts with a vendor under (a)(1) of this section, the contract  
19 must provide that the

20 (A) permittee shall receive 30 percent of the net machine  
21 income;

22 (B) registered vendor shall receive 30 percent of the net  
23 machine income;

24 (C) state shall receive 15 percent of the net machine income;  
25 and

26 (D) municipality in which each machine is located, or the state  
27 if the machine is located in the unorganized borough outside of municipalities,  
28 shall receive 25 percent of the net machine income;

29 (2) conducts video lottery charitable gaming under (a)(2) of this  
30 section, the permittee must remit the percentages of net machine income under (1) of  
31 this subsection to the state and municipality, if any, at times set by the department by

1 regulation.

2 (i) The odds of winning each video lottery game shall be posted on or near  
3 each video lottery machine. The manner in which the odds are calculated and how  
4 they are posted shall be set by the department by regulation.

5 (j) A video lottery machine may

6 (1) not be played by a person under the age of 21;

7 (2) only be played during the legal hours of operation allowed by the  
8 permittee's or vendor's license under AS 04.11 and applicable municipal ordinance;

9 (3) not be played if the machine permit is not posted on the machine.

10 (k) A permittee may not contract with more than five vendors under this  
11 section. A vendor may not have more than 10 video lottery machines at each vendor  
12 location.

13 (l) All video lottery machines shall be monitored by the vendor during  
14 business hours. Monitoring shall be accomplished by the physical presence of an  
15 employee of the vendor or by an employee using video cameras or mirrors and by  
16 periodic personal inspections of the machines and the area in which the machines are  
17 located.

18 (m) A permittee or a registered vendor may not advertise in any manner the  
19 possession or availability of video lottery machines on their premises or under their  
20 permit or registration.

21 (n) If the sale of alcoholic beverages has been prohibited within a municipality  
22 under AS 04.11.490, the department may issue a video lottery endorsement to a  
23 permittee within the municipality that provides the permittee with the authority to  
24 conduct video lottery charitable gaming by use of video lottery machines in the manner  
25 permittees with club licenses under AS 04.11.110 are authorized to conduct video  
26 lottery charitable gaming if the video lottery charitable gaming is only conducted  
27 within a location into which the access is restricted to persons 21 years of age or older.

28 Sec. 05.15.310. VIDEO LOTTERY MACHINES. The department may not  
29 approve a video lottery machine unless the machine

30 (1) offers only games authorized by the department;

31 (2) does not have any means of manipulation that affect the random

1 probabilities of winning a game;

2 (3) is designed to accept coins or cash in the form of bills, to prevent  
3 the obtaining of plays or credits without paying by stringing, slamming, drilling, or  
4 other means of manipulation, and to suspend itself from operation until it is physically  
5 reset if physically tampered with;

6 (4) has nonresettable meters housed in a readily accessible locked  
7 machine area that keeps a permanent record of all money inserted into the machine,  
8 all refunds of winnings made by the machine's printer, credits played for video lottery  
9 games, and credits won by video lottery players;

10 (5) does not directly pay off winning players by means of coins, cash,  
11 or tokens but is capable of printing a ticket voucher stating the value of the prize for  
12 the player at the completion of each video lottery game, the time of day in a 24-hour  
13 format showing hours and minutes, the date, the machine serial number, the sequential  
14 number of the ticket vouchers, and an encrypted validation number from which the  
15 validity of the prize may be determined;

16 (6) has accounting software that keeps an electronic record that includes  
17 total money inserted into the machine, the value of winning tickets claimed by players,  
18 the total video lottery credits awarded by a video lottery game, and the payback  
19 percentages credited players of each video lottery game;

20 (7) is linked under a central communications system to provide auditing  
21 program information as approved by the department; the communications system  
22 approved by the department under this paragraph may not limit participation to only  
23 one manufacturer of video lottery machines by either the cost of implementing the  
24 necessary program modifications to communicate or the inability to communicate with  
25 the central communications system; this paragraph does not require that a machine to  
26 be approved must be on-line or otherwise in constant communication with a central  
27 computer;

28 (8) does not allow more than \$2 to be played on a game or award free  
29 games or credits in excess of the value of \$125 per credit value of \$.25 played;

30 (9) has a total payoff of at least 80 percent of the value of one \$.25  
31 credit.

1           Sec. 05.15.320. VIDEO LOTTERY MACHINE MANUFACTURERS. (a) A  
2 person may not manufacture video lottery machines or associated equipment in the  
3 state, and may not sell or distribute a video lottery machine or associated equipment  
4 that the person has manufactured outside of the state to persons in the state, unless the  
5 person has received a video lottery manufacturer's license issued by the department.

6           (b) The department may issue a video lottery machine manufacturer's license  
7 to a person who pays an annual fee of \$5,000.

8           (c) A video lottery machine or associated equipment may not be manufactured,  
9 sold, or distributed in the state unless it has been approved by the department. The  
10 department shall examine prototypes of video lottery machines and associated  
11 equipment that a licensed manufacturer wishes to manufacture, sell, or distribute in the  
12 state. The manufacturer shall pay in advance the costs of the examination and  
13 approval of a video lottery machine or associated equipment. The department may  
14 contract with another state or person for the examination required under this  
15 subsection.

16           (d) A video lottery machine manufacturer may distribute video lottery  
17 machines and associated equipment only to a licensed video lottery machine distributor  
18 unless the video lottery machine manufacturer is also a licensed video lottery machine  
19 distributor.

20           (e) A video lottery machine manufacturer shall report to the department by the  
21 last business day of the month on each machine or associated equipment sold or  
22 distributed within the state during the preceding month, including the serial number of  
23 each machine or associated equipment distributed and the name of the distributor to  
24 whom the machine or associated equipment was sold or distributed.

25           Sec. 05.15.330. VIDEO LOTTERY MACHINE DISTRIBUTORS. (a) A  
26 person may not distribute video lottery machines or associated equipment unless the  
27 person has received a video lottery machine distributor's license issued by the  
28 department.

29           (b) The department may issue a video lottery machine distributor's license to  
30 a person who pays an annual fee of \$5,000.

31           (c) Video lottery machines and associated equipment may be distributed only

1 from a location in the state. A person may not distribute video lottery machines or  
2 associated equipment directly to another person in the state from a location outside of  
3 this state.

4 (d) A video lottery distributor shall report to the department by the last  
5 business day of each month on each video lottery machine and associated equipment  
6 distributed in the preceding month. The report must include the name of the permittee  
7 to whom each video lottery machine or associated equipment is distributed and the  
8 serial number of each machine.

9 (e) A distributor may not

10 (1) take an order for the purchase of a video lottery machine or  
11 associated equipment from a vendor; or

12 (2) sell a video lottery machine or associated equipment to a vendor.

13 Sec. 05.15.340. DISTRIBUTION OF NET INCOME FROM VIDEO  
14 LOTTERY CHARITABLE GAMING. The department shall immediately revoke the  
15 video lottery endorsement of a permittee or vendor that fails to pay the following  
16 percentages of net machine income from each video lottery machine at the times  
17 directed by the department:

18 (1) 30 percent to the vendor;

19 (2) 30 percent to the permittee;

20 (3) 15 percent to the state;

21 (4) 25 percent to the municipality in which the machine is located, or  
22 to the state if the machine is located in the unorganized borough outside of  
23 municipalities.

24 Sec. 05.15.350. VIDEO LOTTERY REVENUES MAY BE APPROPRIATED  
25 FOR EDUCATION. The state's percentage of video lottery charitable adjusted gross  
26 income received under AS 05.15.340 shall be deposited in the general fund. The  
27 annual estimated balance in the account maintained under AS 37.05.142 for money  
28 received under AS 05.15.340 may be appropriated by the legislature to provide for  
29 education. Nothing in this section creates a dedicated fund.

30 Sec. 05.15.360. DEPARTMENT TO CONTRACT. The department, to the  
31 maximum extent practicable, shall solicit bids and contract for the performance of

1 duties required to monitor and conduct video lottery charitable gaming when the  
2 contracting will not jeopardize the integrity of the gaming and enforcement of the laws  
3 of the state.

4 \* **Sec. 13.** AS 05.15.620(b) is amended to read:

5 (b) The following question, appearing alone, may be placed before the voters  
6 of a municipality or an established village in accordance with AS 05.15.625: "Shall  
7 **video lotteries** [PULL-TAB SALES] in ..... (name of municipality or village)  
8 be prohibited? (yes or no)."

9 \* **Sec. 14.** AS 05.15.620(c) is amended to read:

10 (c) If a majority of the voters vote "yes" on the question set out in (a) or (b)  
11 of this section, the department shall be notified immediately after certification of the  
12 results of the election and thereafter the department may not issue a license, permit,  
13 or vendor registration authorizing charitable gaming or **video lotteries** [PULL-TAB  
14 SALES], as appropriate, within the boundaries of a municipality and in unincorporated  
15 areas within five miles of the boundaries of the municipality or within the perimeter  
16 of an established village. As necessary to implement the results of an election under  
17 (a) or (b) of this section, existing licenses, permits, and vendor registrations for  
18 charitable gaming or **video lotteries** [PULL-TAB SALES] within the boundaries of a  
19 municipality and in unincorporated areas within five miles of the boundaries of the  
20 municipality or within the perimeter of an established village are void 90 days after  
21 the results of the election are certified. A license or vendor registration that will  
22 expire during the 90 days after the results of a local option election under this section  
23 are certified is void as of the expiration date.

24 \* **Sec. 15.** AS 05.15.680(a) is amended to read:

25 (a) **Except as provided in (c) of this section, a** [A] person who knowingly  
26 violates or aids or solicits a person to violate this chapter is guilty of a violation for  
27 the first offense and a class B misdemeanor for the second and each subsequent  
28 offense.

29 \* **Sec. 16.** AS 05.15.680 is amended by adding new subsections to read:

30 (c) A person  
31 (1) may not, with criminal negligence as that term is defined in

1 AS 11.81.900, allow a person under 21 years of age to use a video lottery machine;  
2 (2) who is under the age of 21, may not use a video lottery machine;  
3 (3) may not manipulate or attempt to manipulate the outcome or payoff  
4 of a video lottery machine by tampering or otherwise interfering with the proper  
5 functioning of the machine.  
6 (d) Violation of (c) of this section is a class A misdemeanor.

7 \* **Sec. 17.** AS 05.15.690(36) is amended to read:

8 (36) "qualified organization" means a bona fide civic or service  
9 organization or a bona fide religious, charitable, fraternal, veterans, [LABOR,  
10 POLITICAL,] or educational organization, police or fire department and company, dog  
11 mushers' association, outboard motor association, or fishing derby or nonprofit trade  
12 association in the state, that operates without profits to its members and that has been  
13 in existence continually for a period of three years immediately before applying for a  
14 license; the organization may be a firm, corporation, company, association, or  
15 partnership;

16 \* **Sec. 18.** AS 05.15.690(43) is amended to read:

17 (43) "vendor" means a business whose primary activity is not regulated  
18 by this chapter but that

19 (A) **conducts video lotteries** [IS ENGAGED IN THE SALE  
20 OF PULL-TABS] on behalf of a permittee;

21 (B) holds a business license under AS 43.70; and

22 (C) is an establishment holding a

23 (i) beverage dispensary license under AS 04.11.090 that  
24 has not been designated by the Alcoholic Beverage Control Board under  
25 AS 04.16.049(a)(2) - (3), has not been exempted by the Department of  
26 Labor under AS 04.16.049(c) and AS 23.10.355, and, if the  
27 establishment is a hotel, motel, resort, or similar business that caters to  
28 the traveling public as a substantial part of its business, does not  
29 **conduct the video lotteries** [ALLOW THE SALE OF PULL-TABS]  
30 in a dining room, banquet room, guest room, or other public areas other  
31 than a room in which there is regularly maintained a fixed counter or

1 service bar at which alcoholic beverages are sold or served to members  
2 of the public for consumption;

3 (ii) package store license under AS 04.11.150;

4 \* **Sec. 19.** AS 05.15.690 is amended by adding new paragraphs to read:

5 (45) "net machine income" means money put into a video lottery  
6 machine minus credits paid out in cash;

7 (46) "video lottery machine" means an electronic video game machine  
8 that upon insertion of coin or cash is able to play or simulate the play of a video  
9 game, including video poker, keno, or blackjack, authorized by the department using  
10 a video display and microprocessors in which, by chance, the player may receive free  
11 games or credits that can be redeemed for cash.

12 \* **Sec. 20.** AS 11.66.280(2) is amended to read:

13 (2) "gambling" means that a person stakes or risks something of value  
14 upon the outcome of a contest of chance or a future contingent event not under the  
15 person's control or influence, upon an agreement or understanding that that person or  
16 someone else will receive something of value in the event of a certain outcome;  
17 "gambling" does not include

18 (A) bona fide business transactions valid under the law of  
19 contracts for the purchase or sale at a future date of securities or commodities  
20 and agreements to compensate for loss caused by the happening of chance,  
21 including contracts of indemnity or guaranty and life, health, or accident  
22 insurance; or

23 (B) playing an amusement device that

24 (i) confers only an immediate right of replay not  
25 exchangeable for something of value other than the privilege of  
26 immediate replay; and

27 (ii) does not contain a method or device by which the  
28 privilege of immediate replay may be canceled or revoked;

29 (C) an activity authorized by the Department of Revenue under  
30 AS 05.15 or AS 19.65.030;

31 \* **Sec. 21.** AS 11.66.280(3) is amended to read:

1 (3) "gambling device" means any device, machine, paraphernalia, or  
2 equipment that is used or usable in the playing phases of unlawful gambling, whether  
3 it consists of gambling between persons or gambling by a person involving the playing  
4 of a machine; "gambling device" does not include

5 (A) lottery tickets, policy slips, or other items used in the  
6 playing phases of lottery or policy schemes; [OR]

7 (B) an amusement device as described in (2)(B) of this section;

8 **or**

9 **(C) a video lottery machine permitted by the commissioner**  
10 **of revenue under AS 05.15 or AS 19.65.030;**

11 \* **Sec. 22.** AS 11.66.280(4) is amended to read:

12 (4) "gambling enterprise" means a gambling business that

13 (A) includes five or more persons who conduct, finance,  
14 manage, supervise, direct, or own all or part of the business;

15 (B) has been or remains in substantially continuous operation  
16 for a period in excess of 30 days or has a gross income of \$2,000 or more in  
17 any single day; and

18 (C) is not a

19 **(i) vessel of the Alaska marine highway system or the**  
20 **Department of Transportation and Public Facilities when they are**  
21 **lawfully conducting an activity licensed under AS 19.65.030; or**

22 **(ii) municipality or a qualified organization under**  
23 **AS 05.15.690, except that, for purposes of this paragraph, no**  
24 **application for a license under AS 05.15 is required to be considered a**  
25 **qualified organization;**

26 \* **Sec. 23.** AS 19.65 is amended by adding new sections to article 1 to read:

27 Sec. 19.65.030. VIDEO LOTTERY MACHINES AUTHORIZED. (a) The  
28 Department of Revenue may license a vessel of the Alaska marine highway system to  
29 operate video lottery machines in a portion of the vessel that persons under 21 years  
30 of age are prohibited from entering.

31 (b) A license issued under (a) of this section is not valid when the vessel is

1 in a jurisdiction outside of the state unless that jurisdiction also allows the licensed  
2 activity.

3 (c) The Department of Transportation and Public Facilities shall operate video  
4 lottery machines aboard a vessel of the Alaska marine highway system licensed under  
5 (a) of this section or may contract for their operation under AS 36.30.

6 (d) The commissioner of revenue shall adopt regulations under AS 44.62  
7 (Administrative Procedure Act) to implement this section. Those regulations must be  
8 consistent, to the extent practicable, with statutes or regulations governing video  
9 lotteries and video lottery machines under AS 05.15.

10 Sec. 19.65.035. PROHIBITIONS ON VIDEO LOTTERY MACHINE  
11 OPERATION; PENALTIES. (a) An employee of the Alaska marine highway system  
12 or of a contractor under AS 19.65.030(c) may not with criminal negligence allow a  
13 person under 21 years of age to use a video lottery machine authorized under  
14 AS 19.65.030. A person under 21 years of age may not use a video lottery machine  
15 authorized under AS 19.65.030. In this subsection, "criminal negligence" has the  
16 meaning given in AS 11.81.900.

17 (b) A person may not manipulate or attempt to manipulate the outcome or  
18 payoff of a video lottery machine authorized under AS 19.65.030 by tampering or  
19 otherwise interfering with the proper functioning of the machine.

20 (c) Violation of this section is a class A misdemeanor.

21 Sec. 19.65.040. REVENUES TO GENERAL FUND; APPROPRIATION FOR  
22 ALASKA MARINE HIGHWAY SYSTEM. Revenues from video lottery machines,  
23 less prizes awarded, shall be deposited in the general fund. The legislature may  
24 appropriate the annual estimated balance in the account maintained under  
25 AS 37.05.142 for revenues deposited under this section for the Alaska marine highway  
26 system. Nothing in this section creates a dedicated fund.

27 Sec. 19.65.045. DEFINITION FOR AS 19.65.030 - 19.65.045. In  
28 AS 19.65.030 - 19.65.045, "video lottery machine" has the meaning given in  
29 AS 05.15.690.

30 \* **Sec. 24.** Section 2, ch. 13, SLA 1995, is repealed and reenacted to read:

31 Sec. 2. AS 05.15.100(a) is repealed and reenacted to read:

1 (a) The department may issue a permit to a municipality or qualified  
2 organization. The permit gives the municipality or qualified organization the privilege  
3 of conducting bingo, raffles and lotteries, ice classics, rain classics, goose classics,  
4 mercury classics, deep freeze classics, canned salmon classics, salmon classics, king  
5 salmon classics, dog mushers' contests, snow machine classics, fish derbies, and  
6 contests of skill.

7 \* **Sec. 25.** Section 4, ch. 13, SLA 1995, is repealed and reenacted to read:

8 Sec. 4. AS 05.15.115(c) is repealed and reenacted to read:

9 (c) A permittee may not contract with more than one operator at a time to  
10 conduct the same type of activity. For the purposes of this subsection, bingo games,  
11 raffles, lotteries, ice classics, rain classics, goose classics, mercury classics, canned  
12 salmon classics, salmon classics, king salmon classics, deep freeze classics, dog  
13 mushers' contests, snow machine classics, fish derbies, contests of skill, and all  
14 activities permitted under AS 05.15.100(b) are each a different type of activity. A  
15 permittee may not contract with an operator to conduct video lotteries.

16 \* **Sec. 26.** Section 6, ch. 13, SLA 1995, is repealed and reenacted to read:

17 Sec. 6. AS 05.15.180(b) is repealed and reenacted to read:

18 (b) With the exception of raffles, lotteries, bingo games, rain classics, goose  
19 classics, mercury classics, deep freeze classics, snow machine classics, canned salmon  
20 classics, salmon classics, king salmon classics, and other activities authorized under  
21 AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed  
22 in the state in substantially the same form and was conducted in substantially the same  
23 manner before January 1, 1959.

24 \* **Sec. 27.** AS 05.15.060(b), 05.15.160(c), 05.15.170(a)(5), 05.15.181, 05.15.183, 05.15.184,  
25 05.15.185, 05.15.187, 05.15.188, 05.15.690(23), 05.15.690(25), 05.15.690(34), 05.15.690(35),  
26 and 05.15.690(41) are repealed.

27 \* **Sec. 28.** Notwithstanding the effective date of secs. 1 - 27 of this Act, the Department  
28 of Revenue shall begin the process under AS 44.62 of adopting regulations to implement this  
29 Act so that the regulations can take effect January 1, 1997, or as soon thereafter as is possible.

30 \* **Sec. 29.** Except for sec. 28 of this Act, this Act takes effect January 1, 1997.

31 \* **Sec. 30.** Section 28 of this Act takes effect immediately under AS 01.10.070(c).