

CS FOR HOUSE BILL NO. 200(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/1/24

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to charitable gaming; and relating to pull-tabs and electronic pull-tab**
2 **systems."**

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 department may
6 examine or have examined the books and records of a permittee, an operator, a
7 registered vendor, or a person licensed to manufacture or to distribute pull-tab games
8 **or electronic pull-tab systems** in the state. The department may issue subpoenas for
9 the attendance of witnesses and the production of books, records, and other
10 documents.

11 *** Sec. 2.** AS 05.15.083 is amended by adding a new subsection to read:

12 (c) For a report required by this section, an operator may file one report for not
13 more than 10 authorizing permittees who conduct activities at the same location. The
14 operator may allocate taxes, prizes, and expenses in the same proportion that it

1 allocates gross receipts among the authorizing permittees. An operator may not
 2 allocate to an authorizing permittee more than the annual prize limit for the
 3 authorizing permittee under AS 05.15.180(g).

4 * **Sec. 3.** AS 05.15.115(b) is amended to read:

5 (b) The contract between an authorizing permittee and an operator must
 6 include the amount and form of compensation to be paid to the operator, the term of
 7 the contract, the activities to be conducted by the operator on behalf of the permittee,
 8 the location where the activities are to be conducted, the name and address of the
 9 member in charge, and other provisions the department may require. **A contract**
 10 **between an authorizing permittee and an operator may allow the operator to**
 11 **pool permittees and divide the gaming income and payouts among permittees on**
 12 **a percentage basis. A contract for paper pull-tabs must require the operator to**
 13 **pay an authorizing permittee a minimum of 30 percent of the adjusted gross**
 14 **income. A contract for electronic pull-tabs must require the operator to pay an**
 15 **authorizing permittee a minimum of 30 percent of the adjusted gross income.**

16 * **Sec. 4.** AS 05.15.115(c) is amended to read:

17 (c) A permittee may not contract with more than one operator at a time to
 18 conduct the same type of activity. For the purposes of this subsection, bingo games,
 19 raffles, lotteries, pull-tab games, **electronic pull-tab systems**, freeze-up classics, ice
 20 classics, race classics, rain classics, goose classics, mercury classics, deep freeze
 21 classics, canned salmon classics, salmon classics, king salmon classics, dog mushers'
 22 contests, snow classics, snow machine classics, fish derbies, animal classics, crane
 23 classics, cabbage classics, big bull moose derbies, and contests of skill are each a
 24 different type of activity.

25 * **Sec. 5.** AS 05.15.122 is amended by adding a new subsection to read:

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

31 (1) the operator has filed all reports required under AS 05.15.087;

1 (2) the operator's license has not been revoked by the department in the
2 immediately preceding five years; and

3 (3) the operator has conducted pull-tab games on behalf of a
4 municipality or a qualified organization for at least the preceding three years.

5 * **Sec. 6.** AS 05.15.180(a) is amended to read:

6 (a) **Unless expressly authorized by the department, this** [THIS] chapter
7 does not authorize the use of playing cards, dice, roulette wheels, coin-operated
8 instruments or machines, or other objects or instruments used, designed, or intended
9 primarily for gaming or gambling, or any other method or implement [NOT
10 EXPRESSLY AUTHORIZED BY THE DEPARTMENT].

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

12 (b) With the exception of raffles, lotteries, bingo games, pull-tab games,
13 **electronic pull-tab systems**, freeze-up classics, race classics, rain classics, goose
14 classics, mercury classics, deep freeze classics, dog mushers' contests, snow classics,
15 snow machine classics, canned salmon classics, salmon classics, animal classics, crane
16 classics, cabbage classics, Calcutta pools, big bull moose derbies, and king salmon
17 classics, a permit may not be issued for an activity under this chapter unless it existed
18 in the state in substantially the same form and was conducted in substantially the same
19 manner before January 1, 1959. A permit may not be issued for a snow machine
20 classic under this chapter unless it has been in existence for at least five years before
21 the permit is issued. A permit may not be issued for an animal classic under this
22 chapter unless it was in existence before November 1, 2002.

23 * **Sec. 8.** AS 05.15.180(g) is amended to read:

24 (g) A municipality or a qualified organization may award a maximum of
25 \$2,000,000 in prizes each year in activities, **other than electronic pull-tab activities**,
26 authorized under this chapter. **If a municipality or a qualified organization**
27 **conducts electronic pull-tabs activities, the municipality or qualified organization**
28 **may award a maximum of \$3,000,000 in prizes each year for electronic pull-tab**
29 **activities.** **If** [; HOWEVER, IF] a municipality or a qualified organization contracts
30 with an operator to conduct on its behalf activities authorized under this chapter, the
31 municipality or qualified organization may award a maximum of **\$3,000,000**

1 [\$500,000] in prizes each year **for electronic pull-tab activities and a maximum of**
 2 **\$2,000,000 in prizes each year in all activities, other than electronic pull-tab**
 3 **activities, authorized under this chapter**. A municipality or a qualified organization
 4 that conducts a contest of skill and awards more than \$1,000,000 in prizes to the
 5 participants in that contest of skill may exclude \$1,000,000 in prizes awarded to those
 6 participants from the \$2,000,000 maximum allowed in this subsection **for activities**
 7 **other than electronic pull-tab activities**. The holders of a multiple-beneficiary
 8 permit under AS 05.15.100(d) may award a maximum in prizes each year of
 9 \$2,000,000 times the number of holders of the permit for activities, **other than**
 10 **electronic pull-tab activities**, authorized under this chapter. **If a holder of a**
 11 **multiple-beneficiary permit under AS 05.15.100(d) conducts electronic pull-tab**
 12 **activities, the holder of a multiple-beneficiary permit may award a maximum in**
 13 **prizes each year of \$3,000,000 times the number of holders of the permit**. In this
 14 subsection, "activities authorized under this chapter" means all activities subject to this
 15 chapter other than bingo.

16 * **Sec. 9.** AS 05.15.181(a) is amended to read:

17 (a) A person may not manufacture pull-tabs **or electronic pull-tab systems** in
 18 the state, and may not sell or distribute a pull-tab **or electronic pull-tab system** that
 19 the person has manufactured outside of the state to persons in the state, unless the
 20 person has received a pull-tab manufacturer's license issued by the department.

21 * **Sec. 10.** AS 05.15.181(c) is amended to read:

22 (c) Each series of pull-tabs manufactured in the state must **have a serial**
 23 **number and** be sealed **or encrypted in a manner** [AND HAVE A SERIAL
 24 NUMBER LABEL ISSUED BY THE NATIONAL ASSOCIATION OF
 25 FUNDRAISING TICKET MANUFACTURERS OR OTHER SERIAL NUMBER
 26 LABEL] approved by the department.

27 * **Sec. 11.** AS 05.15.181(d) is amended to read:

28 (d) A pull-tab manufacturer may distribute pull-tabs **and electronic pull-tab**
 29 **systems** only to a licensed pull-tab distributor unless the pull-tab manufacturer is also
 30 a licensed pull-tab distributor. **A pull-tab manufacturer may distribute an**
 31 **electronic pull-tab system only to a distributor that holds a separate electronic**

1 **pull-tab endorsement under AS 05.15.183.**

2 * **Sec. 12.** AS 05.15.181 is amended by adding new subsections to read:

3 (f) A pull-tab manufacturer may distribute to a person in this state an
4 electronic pull-tab system for use in the state only if the department has issued a
5 separate electronic pull-tab endorsement to the manufacturer's license. A pull-tab
6 manufacturer licensed in the state who manufactures electronic pull-tab systems for
7 use in the state shall

8 (1) submit, at the manufacturer's expense, the electronic pull-tab
9 system to an independent gaming testing laboratory for testing and certification before
10 distribution;

11 (2) install a central server for the electronic pull-tab system in a secure
12 location in the state that is accessible by the department; in this paragraph, "central
13 server" means a pull-tab manufacturer's computer equipment that houses the operating
14 system, supporting hardware, electronic gaming application software, communications
15 network system, and databases for electronic pull-tab operations and stores and
16 manages electronic pull-tab data between electronic gaming locations.

17 (g) An electronic pull-tab system distributed in the state

18 (1) must be certified by an independent gaming testing laboratory
19 under (f)(1) of this section as meeting the technical specifications adopted by the
20 department;

21 (2) must be approved by the department;

22 (3) may not include a game designed to pay out more than 90 percent;

23 (4) may only accept United States currency in paper form, purchased
24 credits, or a credit voucher;

25 (5) must reveal the numbers or symbols of the pull-tab on the device
26 similar to a paper pull-tab;

27 (6) may not display on the device spinning reels that mimic a slot
28 machine;

29 (7) may incorporate animation as part of the pull-tab game, but may
30 not require any additional consideration for that feature or award a prize other than the
31 predetermined prize for the ticket; and

1 (8) may not dispense anything of value other than a credit voucher.

2 (h) A device used to play electronic pull-tabs must be incorporated into an
3 electronic pull-tab system and may not be a personal communication or computing
4 device.

5 (i) A pull-tab manufacturer or an agent of a manufacturer may not provide to a
6 vendor, operator, permittee, distributor, municipality, or qualified organization
7 compensation or a gift, gratuity, premium, or other thing of value in an amount greater
8 than \$25 annually, including the value of a gift, gratuity, premium or other thing of
9 value provided to an individual employee or agent of the vendor, operator, permittee,
10 distributor, municipality, or qualified organization.

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

13 (k) In this section, "manufacture" includes the development, creation, and
14 programing of any electronic device, hardware, software, or computer systems used in
15 the operation of a pull-tab or electronic pull-tab system.

16 * **Sec. 13.** AS 05.15.183(a) is amended to read:

17 (a) A person may not distribute pull-tab games **or electronic pull-tab systems**
18 unless the person has received a pull-tab distributor's license issued by the department.
19 **The department may not issue a pull-tab distributor's license to a person licensed**
20 **as an operator or who otherwise participates in the conduct of an activity**
21 **authorized under this chapter on behalf of a municipality or a qualified**
22 **organization.**

23 * **Sec. 14.** AS 05.15.183(c) is amended to read:

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

27 * **Sec. 15.** AS 05.15.183(e) is amended to read:

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

31 (1) take an order for the purchase of a pull-tab series from a vendor;

1 (2) sell a pull-tab series to a vendor; or

2 (3) deliver a pull-tab series to a vendor, **except an electronic pull-tab**
 3 **series as expressly authorized in this subsection.**

4 * **Sec. 16.** AS 05.15.183 is amended by adding new subsections to read:

5 (f) A licensed distributor may distribute an electronic pull-tab system in the
 6 state only if

7 (1) the department has issued a separate electronic pull-tab
 8 endorsement to the distributor's license; and

9 (2) the electronic pull-tab system meets the requirements of
 10 AS 05.15.181(g).

11 (g) A distributor may not provide to an employee or agent of a licensed
 12 vendor, operator, permittee, municipality, or qualified organization compensation or a
 13 gift, gratuity, premium, or other thing of value in an amount greater than \$25 annually,
 14 including the value of a gift, gratuity, premium, or other thing of value provided to an
 15 individual employee or agent of the vendor, operator, permittee, municipality, or
 16 qualified organization.

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

19 * **Sec. 17.** AS 05.15.185 is amended to read:

20 **Sec. 05.15.185. Distribution of pull-tab games.** Each series of pull-tabs
 21 distributed in the state must **have a serial number and** be sealed **or encrypted in a**
 22 **manner** [AND HAVE A SERIAL NUMBER LABEL ISSUED BY THE
 23 NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURERS
 24 OR OTHER SERIAL NUMBER LABEL] approved by the department and may be
 25 distributed only to

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

28 (2) an operator on behalf of an authorizing permittee; [OR]

29 (3) a distributor licensed under this chapter; **or**

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

31 * **Sec. 18.** AS 05.15.185 is amended by adding new subsections to read:

1 (b) An electronic pull-tab series distributed in the state must
 2 (1) have a predetermined and finite number of winning and
 3 nonwinning tickets;
 4 (2) have a predetermined prize amount and structure;
 5 (3) have a unique serial number that is not regenerated; and
 6 (4) maintain a record of accumulated win credits that may be applied
 7 to games in play or redeemed upon cessation of play.

8 (c) An electronic pull-tab series distributed in the state may not
 9 (1) exceed 15,000 tickets;
 10 (2) require additional consideration or award a prize associated with an
 11 extended play feature included in the game.

12 * **Sec. 19.** AS 05.15.187(e) is amended to read:

13 (e) Pull-tabs may not be sold to or accessed by a person under the age of 21
 14 years. A person under the age of 21 years may not purchase or redeem a pull-tab.

15 * **Sec. 20.** AS 05.15.187(i) is amended to read:

16 (i) A permittee, operator, or registered vendor may not turn over a prize of \$50
 17 or more to a person with a pull-tab card or credit voucher entitling the person to that
 18 prize unless the person signs a receipt for the prize and returns the receipt to the
 19 permittee, operator, or vendor. The receipt must be in a form approved by the
 20 department.

21 * **Sec. 21.** AS 05.15.187 is amended by adding new subsections to read:

22 (j) A vendor may not have more than five electronic pull-tab devices on the
 23 premises.

24 (k) An operator may not have more than 10 electronic pull-tab devices at a
 25 location.

26 (l) A municipality, qualified organization, or multiple-beneficiary permittee
 27 may not have more than 10 electronic pull-tab devices at a location.

28 (m) Within one electronic pull-tab series, each electronic pull-tab must be sold
 29 for the same price.

30 * **Sec. 22.** AS 05.15.188(g) is amended to read:

31 (g) A person, other than a permittee's member-in-charge or a distributor

1 **distributing an electronic pull-tab series as authorized under AS 05.15.183(e)**,
 2 may not directly supply a pull-tab series to a registered vendor for sale by that vendor
 3 on behalf of the permittee.

4 * **Sec. 23.** AS 05.15.188(i) is amended to read:

5 (i) An amount equal to the ideal net less the compensation owed to the vendor
 6 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series
 7 to the vendor for sale. **For an electronic pull-tab series, an amount equal to the**
 8 **adjusted gross receipts less the compensation owed to the vendor shall be paid by**
 9 **the vendor to the member-in-charge within seven days after the delivery of the**
 10 **electronic pull-tab series.** The amount required to be paid by the vendor shall be paid
 11 by check **or electronic funds transfer** and [THE CHECK MAY NOT BE DRAWN
 12 IN A MANNER THAT] the payee **must be** [IS NOT] identified.

13 * **Sec. 24.** AS 05.15.188 is amended by adding a new subsection to read:

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

16 * **Sec. 25.** AS 05.15.680 is amended by adding new subsections to read:

17 (c) In addition to any other penalty, a person who conducts, finances,
 18 manages, supervises, directs, or owns a gambling device intended for use in this state,
 19 or leases or owns a premises where gambling devices are operated, in violation of this
 20 chapter shall be subject to a civil penalty not less than \$5,000, but not more than
 21 \$25,000, for each device payable to the municipality in which the device was
 22 operated. The state or municipality may bring an action to

23 (1) enjoin the operation of a gambling device in violation of this
 24 chapter;

25 (2) request an attachment against all devices in violation of this chapter
 26 and any money within those devices; and

27 (3) recover the civil penalty.

28 (d) A person who is employed, volunteers, receives compensation of any kind,
 29 or participates in the operation of a gambling device in violation of this chapter shall
 30 be subject to a civil penalty not to exceed \$5,000.

31 * **Sec. 26.** AS 05.15.690(39) is amended to read:

1 (39) "**pull-tab or** pull-tab game" means a game of chance where a
 2 card, **or electronic representation of a card,** the face of which is covered to conceal
 3 a number, symbol, or set of symbols, is purchased by the participant and where a prize
 4 is awarded for a card, **or electronic representation of a card,** containing certain
 5 numbers or symbols designated in advance and at random;

6 * **Sec. 27.** AS 05.15.690(46) is amended to read:

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

9 * **Sec. 28.** AS 05.15.690 is amended by adding new paragraphs to read:

10 (51) "credit voucher" means a paper issued by an electronic pull-tab
 11 device that shows

12 (A) the amount of credit available for redemption;

13 (B) the serial number of the device;

14 (C) the date and time of issuance; and

15 (D) a unique validation number or other identifier;

16 (52) "electronic pull-tab device" means a cabinet-style device, portable
 17 tablet device, or other device approved by the department that is part of an approved
 18 electronic pull-tab system and that electronically displays electronic pull-tab tickets
 19 and accumulates credits;

20 (53) "electronic pull-tab system" means individual electronic pull-tabs,
 21 electronic cabinet-style pull-tab devices, and related hardware and software used to
 22 play or facilitate the play of an electronic pull-tab series.