

**ALASKA STATE LEGISLATURE**  
**SENATE LABOR AND COMMERCE STANDING COMMITTEE**

April 28, 2025

1:36 p.m.

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Elvi Gray-Jackson  
Senator Forrest Dunbar

**MEMBERS ABSENT**

Senator Kelly Merrick, Vice Chair  
Senator Robert Yundt

**COMMITTEE CALENDAR**

SENATE BILL NO. 156

"An Act relating to the Department of Commerce, Community, and Economic Development; relating to the Alaska Commercial Fishing and Agriculture Bank; relating to certain loans made by the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

- MOVED CSSB 156(L&C) OUT OF COMMITTEE

SENATE BILL NO. 49

"An Act relating to workplace violence protective orders; relating to the crime of violating a protective order; relating to the powers of district judges and magistrates; amending Rules 4 and 65, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration; and providing for an effective date."

- MOVED CSSB 49(STA) OUT OF COMMITTEE

SENATE BILL NO. 103

"An Act relating to certified nurse aide training; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 170

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

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 156

SHORT TITLE: AK COMMERCIAL FISHING & AG BANK; LOANS

SPONSOR(s): RULES BY REQUEST OF TASK FORCE EVAL ALASKA SEAFOOD  
INDUSTRY

04/02/25	(S)	READ THE FIRST TIME - REFERRALS
04/02/25	(S)	L&C, FIN
04/14/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/14/25	(S)	Heard & Held
04/14/25	(S)	MINUTE(L&C)
04/28/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 49

SHORT TITLE: WORKPLACE VIOLENCE PROTECTIVE ORDERS

SPONSOR(s): CLAMAN

01/22/25	(S)	PREFILE RELEASED 1/17/25
01/22/25	(S)	READ THE FIRST TIME - REFERRALS
01/22/25	(S)	STA, JUD
03/13/25	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)
03/13/25	(S)	Heard & Held
03/13/25	(S)	MINUTE(STA)
04/10/25	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)
04/10/25	(S)	Moved CSSB 49(STA) Out of Committee
04/10/25	(S)	MINUTE(STA)
04/14/25	(S)	STA RPT CS 1NR 1DP 3NR NEW TITLE
04/14/25	(S)	AM: KAWASAKI
04/14/25	(S)	DP: GRAY-JACKSON
04/14/25	(S)	NR: WIELECHOWSKI, BJORKMAN, YUNDT
04/14/25	(S)	JUD REFERRAL REMOVED
04/14/25	(S)	L&C REFERRAL ADDED AFTER JUD
04/23/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
04/23/25	(S)	Heard & Held
04/23/25	(S)	MINUTE(L&C)
04/28/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 103

SHORT TITLE: CNA TRAINING

SPONSOR(s): GRAY-JACKSON

02/19/25	(S)	READ THE FIRST TIME - REFERRALS
02/19/25	(S)	L&C, FIN

04/23/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/23/25 (S) Heard & Held  
04/23/25 (S) MINUTE(L&C)  
04/28/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 170

SHORT TITLE: GAMING; ELECTRONIC PULL-TABS

SPONSOR(s): BJORKMAN

04/11/25 (S) READ THE FIRST TIME - REFERRALS  
04/11/25 (S) L&C, FIN  
04/16/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
04/16/25 (S) Heard & Held  
04/16/25 (S) MINUTE(L&C)  
04/28/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

SENATOR JESSE KIEHL, District B

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Provided a brief recap of SB 156.

ELLA ADKISON, Staff

Senator Jesse Kiehl

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Presented the summary of changes from version A to version N for SB 156.

SENATOR MATT CLAMAN, District H

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SB 49.

RANDI BREAGER, Executive Director

Abused Women's Aide in Crisis (AWAIC)

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 49.

CINDY HARRIS, Board Member

Alzheimer Association of Alaska Chapter

Soldotna, Alaska

**POSITION STATEMENT:** Testified in support of SB 103.

DEBRA ADAMS, Board Member

Alzheimer Association of Alaska

Cordova, Alaska

**POSITION STATEMENT:** Testified in support of SB 103.

KONRAD JACKSON, Staff  
Senator Jesse Bjorkman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a brief recap of SB 170.

STEVE BORCHERDING, President  
Whaler Casino Supplies  
Anchorage, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 170.

NAM YANG, Employee  
Whaler Casino Supplies  
Anchorage, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 170.

JERRY LEWIS, Operator  
Northern Lights Bingo  
Anchorage, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 170

DAVID LAMBERT, Owner  
Lotto Alaska  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 170.

SANDY POWERS, Owner  
Big Valley Bingo  
Wasilla, Alaska

**POSITION STATEMENT:** Testified by invitation on SB 170.

MARY MAGNUSON, Vice President  
Government Affairs  
Arrow Gaming  
Cleveland, Ohio

**POSITION STATEMENT:** Testified by invitation on SB 170.

#### **ACTION NARRATIVE**

[1:36:23 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Gray-Jackson, Dunbar, and Chair Bjorkman.

**SB 156-AK COMMERCIAL FISHING & AG BANK; LOANS**

[1:37:32 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 156 "An Act relating to the Department of Commerce, Community, and Economic Development; relating to the Alaska Commercial Fishing and Agriculture Bank; relating to certain loans made by the Alaska Commercial Fishing and Agriculture Bank; and providing for an effective date."

[1:38:05 PM](#)

SENATOR JESSE KIEHL, District B, Alaska State Legislature, Juneau, Alaska, presented SB 156 on behalf of Senate Rules, Senator Wielechowski, Chair. He stated that the legislation will help the Commercial Fishing Agriculture Bank (CFAB) remain operational during a temporary period when the Commercial Fisheries Revolving Loan Fund is directly supporting small family fishing businesses. Under SB 156, CFAB can match those loan rates, ensuring it stays viable and continues providing financing for fishing families as they navigate unusual market conditions and fish runs.

[1:39:40 PM](#)

CHAIR BJORKMAN opened public testimony on SB 156; finding none, he closed public testimony.

[1:40:06 PM](#)

CHAIR BJORKMAN solicited a motion.

[1:40:09 PM](#)

SENATOR GRAY-JACKSON moved to adopt the committee substitute (CS) for SB 156 work order 34-LS0857\N, as the working document.

[1:40:22 PM](#)

CHAIR BJORKMAN objected for purposes of discussion.

[1:40:28 PM](#)

ELLA ADKISON, Staff, Senator Jesse Kiehl, Alaska State Legislature, Juneau, Alaska, presented the summary of changes from version A to N for SB 156. She paraphrased and read the following:

[Original punctuation provided.]

- States explicitly that loans will have a fixed interest rate.

- Makes changes agreed upon between CFAB and the Division of Banking and Securities to what information is needed to determine the amount of unused state funds.
- Clarifies that the Division of Banking and Securities is conducting a one-time review, not an audit.
- States clearly that CFAB will repay the state through a buyback of CFAB shares.

[1:41:18 PM](#)

CHAIR BJORKMAN removed his objection

[1:41:22 PM](#)

CHAIR BJORKMAN found no further objection and CSSB 156 was adopted as the working document.

[1:41:38 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:41:40 PM](#)

SENATOR GRAY-JACKSON moved to report CSSB 156, work order 34-LS0857\N, from committee with individual recommendations and attached fiscal note(s).

[1:42:00 PM](#)

CHAIR BJORKMAN found no further objection and CSSB 156(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[1:42:15 PM](#)

At ease.

#### **SB 49-WORKPLACE VIOLENCE PROTECTIVE ORDERS**

[CSSB 49(STA) was before the committee.]

[1:43:08 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of CS FOR SENATE BILL NO. 49(STA) "An Act relating to workplace violence protective orders; relating to attorney fees; relating to the crime of violating a protective order; relating to the powers of district judges and magistrates; amending Rules 4 and 65, Alaska Rules of Civil Procedure, and Rule 9, Alaska Rules of Administration; and providing for an effective date."

[1:43:43 PM](#)

SENATOR MATT CLAMAN, District H, Alaska State Legislature, Juneau, Alaska, sponsor of SB 49 provided a brief recap and stated that the bill creates workplace violence protective orders modeled after domestic violence orders. He said this allows businesses facing credible threats to obtain protection through a faster, less costly process than traditional civil actions.

[1:44:41 PM](#)

CHAIR BJORKMAN opened public testimony on SB 49.

[1:45:07 PM](#)

RANDI BREAGER, Executive Director, Abused Women's Aide in Crisis (AWAIC), Anchorage, Alaska, testified in support of SB 49 and stated that the legislation is crucial for protecting shelter residents and staff from violent threats. Victims in shelters often fear reporting incidents due to confidentiality concerns or retaliation, and threats against one person can endanger everyone. She said recent incidents involved abusers showing up armed or attempting to break into shelters, with limited legal recourse available. SB 49 allows organizations like AWAIC to petition for workplace violence protective orders on behalf of residents and staff, providing a faster, more accurate, and effective tool to address threats and improve safety.

[1:48:01 PM](#)

CHAIR BJORKMAN closed public testimony on SB 49.

[1:48:16 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:48:18 PM](#)

SENATOR GRAY-JACKSON moved to report CSSB 49(STA), work order 34-LS0186\I, from committee with individual recommendations and attached fiscal note(s).

[1:48:40 PM](#)

CHAIR BJORKMAN found no objection and CSSB 49(STA) was reported from the Senate Labor and Commerce Standing Committee.

[1:48:53 PM](#)

At ease

**SB 103-CNA TRAINING**

[1:51:17 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 103 "An Act relating to certified nurse aide training; and providing for an effective date."

[1:51:34 PM](#)

SENATOR GRAY-JACKSON as sponsor provided a brief recap of SB 103:

[Original punctuation provided.]

Alaska's population is aging. Our Certified Nurse Assistants play a critical role in offering not only physical care, but also in emotional and cognitive support.

Two particular needs that this bill focuses on are making sure that our CNA's are trained in signs and symptoms of dementia and Alzheimer's, which can improve the quality of life of those individuals effected by these conditions.

The second need is for person centered care, which would give CNA's the tools needed to implement individualized protocol for the individual patient's needs. It involves treating patients with respect and empathy, while empowering them to make informed decisions about their own health.

The goal with Senate Bill 103 is to bring these two practices to Alaska to support our aging population.

[1:52:44 PM](#)

CHAIR BJORKMAN opened public testimony on SB 103.

[1:53:07 PM](#)

CINDY HARRIS, Board Member, Alzheimer Association of Alaska Chapter, Soldotna, Alaska, testified in support of SB 103 expressed strong commitment to supporting individuals with dementia and their caregivers, calling the proposed change an important step forward and urging the Board of Nursing to address it through regulation at its next meeting.

[1:54:12 PM](#)

DEBRA ADAMS, Board Member, Alzheimer Association of Alaska, Cordova, Alaska, testified in support of SB 103 and stated that she is a strong advocate for dementia research and care. She emphasized the importance of including dementia symptoms and

care practices in CNA training programs and noted that SB 103 offers the Board of Nursing an opportunity to add these requirements through regulation at its May meeting.

[1:55:33 PM](#)

CHAIR BJORKMAN closed public testimony on SB 103.

[1:56:23 PM](#)

CHAIR BJORKMAN held SB 103 in committee.

[1:56:28 PM](#)

At ease.

### **SB 170-GAMING; ELECTRONIC PULL-TABS**

[1:58:08 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 170 "An Act relating to gaming; relating to bingo; relating to pull-tabs and electronic pull-tab systems; and providing for an effective date."

[1:58:40 PM](#)

KONRAD JACKSON, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, provided a brief recap of SB 170 on behalf of the sponsor. He said that SB 170 adds electronic pull tabs to Alaska's charitable gaming statutes, updates rules for gaming participants (excluding players), adjusts prize payouts and bingo operations, and grants the department authority to investigate legal and illegal gaming activities.

[1:59:48 PM](#)

CHAIR BJORKMAN stated that SB 170 is essential to help nonprofits and charities continue benefiting from charitable gaming, as rising costs have reduced their fundraising from paper pull tabs. He said allowing electronic pull tabs would restore their ability to raise funds for community programs and ensure equal access and maximum benefit for Alaska's charitable groups.

[2:00:51 PM](#)

CHAIR BJORKMAN announced invited testimony on SB 170.

[2:02:13 PM](#)

STEVE BORCHERDING, President, Whaler Casino Supplies (Whaler), Anchorage, Alaska, testified by invitation on SB 170 and stated that with 36 years in Alaska's gaming industry, including 21 years managing the state's largest charitable gaming operation,

expressed, he is in full support of electronic pull tabs. He noted the success of electronic bingo in Alaska. However, he said is opposing SB 170 arguing it has shifted from focusing on e-tabs to including provisions that would fundamentally alter the gaming industry, benefit only a few, and ultimately harm charities. He stated that if SB 170 passed, it could force his long-standing distributorship, Whaler Casino Supply, which employs 12 people, out of business.

2:06:03 PM

MR. BORCHERDING explained that SB 170 includes provisions preventing a distributorship like Whaler Casino Supply from being owned by Arrow International (Arrow). He argued that the restriction is unnecessary and unfair. He said if Arrow International wanted to monopolize Alaska it could have; instead it invested heavily and expand investments if electronic pull tabs are permitted. SB 170's "must-sell" and custom game restrictions would also harm long-standing local distributors and charities by eliminating innovation and equalizing businesses without regard for earned experience. He opined there are unseen issues and he is willing to talk with legislators when there is more time. He urged lawmakers to remove the provisions that would end his company's long history and commitment, emphasizing their company's long history and commitment to Alaska's charitable gaming industry.

2:11:11 PM

NAM YANG, Employee, Whaler Casino Supplies, Anchorage, Alaska, testified by invitation on SB 170 and stated that as an 11-year employee of Whaler Casino Supply she opposed SB 170. She said provisions in the bill threaten the jobs of long-term Alaskan employees who rely on the company to support their families. She described Whaler as a second family, highlighting coworkers with personal hardships who would be devastated by job losses. She credited Arrow International's ownership with providing employees health insurance, childcare assistance, and financial stability. She urged legislators to oppose SB 170 to protect local Alaskans and preserve their livelihoods.

2:16:35 PM

JERRY LEWIS, Operator, Northern Lights Bingo, Anchorage, Alaska, testified by invitation on SB 170 and stated that last year, Alaska charities generated over \$400 million from charitable gaming, with operators earning \$161 million, over 40 percent of the total. Vendor relationships contributed just under 14 percent. He argued that the 35 percent cap for manufacturer game charges would double costs compared to the current 30 percent

(including a proposed 27 percent limit plus 3 percent tax). He recommended limiting electronic pull tabs in bars to four, reducing vendor compensation to 15 percent instead of the proposed 20 percent, and learning from other states to avoid mistakes, stressing that Alaska's charitable gaming model has been highly successful and should not be disrupted.

2:20:58 PM

DAVID LAMBERT, Owner, Lotto Alaska, Fairbanks, Alaska, testified by invitation on SB 170 and read the following:

[Original punctuation provided.]

I have been deeply involved in charitable gaming in Alaska for over 35 years, encompassing roles as a permittee, vendor, and operator. I hold the distinction of having held a State of Alaska operator license longer than anyone else in the state. Through my operations, I currently contract with over 140 non-profit organizations, representing more than 13.5 percent of all active charitable gaming permits in Alaska. Furthermore, over 12.5 percent of all charitable gaming proceeds provided to nonprofits in the state have come through my efforts.

I share this extensive background to emphasize my comprehensive understanding of charitable gaming and its significant impact on nonprofit permittees. I am writing to express my support for the proposed legislation, recognizing that while it may not be perfect, it represents a necessary step forward. As you deliberate, I urge you to prioritize the best interests of Alaska's nonprofits.

Nonprofits in our state are facing an unprecedented reliance on charitable gaming funding. Historically, most of the revenue has been generated through paper pull-tab sales. However, the demographic that traditionally purchased these paper pull-tabs is aging, and we are seeing a significant decline in sales. From 2023 to 2024, our paper pull-tab sales as an operator decreased by 19 percent. The self-directed nonprofits with their own pull-tab stores, including fraternal experienced an even steeper decline of over 30 percent during the same period. Tragically, many of these self-directed stores have been forced to close due to economic unsustainability.

2:23:20 PM

MR. LAMBERT continued with his testimony of SB 170:

Consider that a dollar pull-tab cost one dollar 35 years ago, and it remains one dollar today. In contrast, operations cost has risen sharply. The cost of paper pull-tabs has increased from less than a penny apiece to over six cents during that same timeframe. Wages have more than tripled since 1990, and rents have more than doubled. These rising costs indicate that paper pull-tabs are likely to become obsolete due to economic pressures alone. Therefore, if a price percentage is to be imposed on electronic pull-tabs, a similar price percentage must also be applied to paper pull-tabs to ensure fairness. For instance, our AMVETS games, once factoring in game costs and state tax, cost about 36 percent of the idea net. Just a few years ago the same AMVETS game was only 18 percent of the ideal net. That's 100 percent increase. In our North Pole store, the additional 5.5 percent sales tax further erodes proceeds, leaving insufficient funds for operating costs.

Drawing on my experience as the primary member in charge of charitable gaming permits for the Alaska Dog Musers Association and the Fairbanks Junior Dog Musher Association in the early 1990s, I understand the operational dynamics involved when permittees utilize various vendor locations and charitable gaming operators. Having transitioned to an operator 26 years ago, I have been actively involved in legislative and regulatory changes throughout the years.

It is crucial to recognize the necessity of modernizing the charitable gaming industry. The fundamental question before you are whether this legislation will primarily protect the nonprofits and ensure their continued access to crucial funding, or if it will disproportionately benefit pull-tab distributors and large bingo halls. Distributors appear to be advocating for tablets exclusively, a strategy that statistics from other states suggest is insufficient to significantly reduce paper pull-tab sales. Without a cap on the price of paper pull-tabs, their current pricing trend will render them obsolete regardless. Representatives of large bingo halls are

also lobbying for tablets only, seemingly to eliminate competition from fraternal and self-directed nonprofits and to integrate pull-tab play seamlessly with their existing electronic bingo offerings. This approach is not in the best interest of the nonprofits who depend heavily on charitable gaming revenue.

[2:26:46 PM](#)

MR. LAMBERT continued with his testimony of SB 170:

There should be no restrictions on the type of electronic pull-tab units permitted. They all serve the same fundamental purpose; the only difference lies in screen size. Just as the Apple II Plus, the cutting-edge technology when the charitable gaming laws were initially written in 1990, is now outdated, so too will any arbitrary limitation on screen size become irrelevant. We utilize various screen sizes in our daily lives - phones, laptops, desktop computers - all serving similar functions. The proposed limitation to tablets only should be removed. The passage of this legislation is vital for nonprofits. I would strongly prefer to see this legislation move out of committee for further consideration, allowing for necessary corrections along the way, rather than risking delays. Please remember your primary responsibility is to protect the funding source for the nonprofits, not solely the interests of pull-tab distributors or large bingo halls.

Furthermore, this legislation includes updated language that aims to modernize and clarify the charitable gaming laws for 2025. In 1990, all operations were paper based, whereas current state reporting requirements mandate online submissions.

Existing legislation, requiring contract submissions via certified mail, is now impractical as the department no longer processes certified mail in a meaningful way, with all systems moving towards electronic processing. It is time to move forward and permit E-TABS without arbitrary restrictions on screen size. If you believe such restrictions are justified, I will challenge you to limit your own staff to tablets only, discarding all larger monitors.

[2:29:33 PM](#)

MR. LAMBERT continued with his testimony of SB 170:

A second critical issue within the legislation, perhaps more appropriately addressed by the Finance Committee, concerns the lack of accountability this legislation would create for vendors. The current system requires vendors to pay for all paper pull-tabs upfront. Because the nonprofits are paid upfront vendors are not required to submit state reports, have an operating bond nor are they required to have a CPA review. This established practice ensures financial responsibility and should be maintained for electronic pull-tabs. However, the proposed legislation would eliminate upfront costs for vendors, grant them access to unlimited pull-tabs, and allow them to remit payment to nonprofits at their discretion, with no clear timelines or safeguards.

In contrast, operators are currently required to maintain a bond, purchase pull-tabs upfront, provide monthly reports to nonprofits, submit extensive quarterly reports to the Department of Revenue's Charitable Gaming Division, and undergo an annual CPA review. The section of the proposed that alters the relationship between vendors and permittees should be removed, maintaining the same requirements for electronic pull-tabs as are currently in place for paper pull-tabs. As currently drafted, this aspect of the legislation is not workable. While some manufacturers suggest that these issues can be resolved through regulation after passage, there is no clear understanding of how a workable system would be implemented.

The current language essentially proposes giving bars unlimited access to electronic pull-tabs at no upfront cost, with the hope that nonprofits will eventually be paid, even without a system for them to track what they are owed or for the state to ensure accountability through mandatory reporting. Most bar owners lack the accounting expertise to manage charitable gaming finances effectively.

[2:31:41 PM](#)

MR. LAMBERT continued with his testimony of SB 170:

Requiring vendors to pay for the games upfront, as is the current practice, would eliminate the need for this complex and potentially flawed system. If this provision proceeds, a minimum requirement should include mandatory monthly and quarterly reports, an annual CPA review, and mandatory suspension of the liquor license for non-compliance. As mentioned, this matter likely warrants more detailed discussion within the Finance Committee.

Charitable gaming in Alaska was established with the primary goal of benefiting nonprofits. Please remember that this guiding principle should remain central to any updated legislation, ensuring continued funding for these vital organizations. With many other funding sources diminishing, I am receiving numerous daily inquiries from nonprofits seeking assistance with operating their charitable gaming permits. The existing laws can be complex, and we must avoid making decisions that would limit their fundraising capacity based on the preferences of a few. The proposed limitation to tablets only is likely to be the most contentious aspect of this legislation. Unless significant changes are made, I would still urge you to move this legislation out of committee, as the nonprofits are in urgent need of an updated framework.

[2:33:50 PM](#)

SANDY POWERS, Owner, Big Valley Bingo, Wasilla, Alaska, testified by invitation on SB 170 and agreed that a 35 percent distributor/manufacturer share is excessive, advocating for a 27 percent cap plus a 3 percent state tax, aligning with the Minnesota tablet model. She opposed large slot-machine-style cabinets, favoring smaller, successful electronic tablets. She expressed concern about deleting [AS 05.15.115(c)] in Section 49, which would obscure operator transparency. She emphasized strict limits on pull tab locations serving alcohol to protect standalone stores and maintain competitive balance.

[2:38:12 PM](#)

MARY MAGNUSON, Vice President, Government Affairs, Arrow International, Cleveland, Ohio, testified by invitation on SB 170 and stated that Arrow, a nearly 60-year-old company serving only the charitable gaming industry, supports electronic pull tabs based on experience from 12 other states, that have boosted charity revenues and sustainability. She said Arrow purchased Whaler Casino Supply in 2023 to invest in Alaska, grow the

company, and support their employees. She emphasized Arrow is not creating a monopoly and allows distributors to buy from multiple manufacturers. She raised concern with provisions found in SB 170 on page 10, line 19-26, prohibiting manufacturers or their relatives from holding distributor interests, arguing the provisions would unfairly restrict their operations and harm charitable gaming in Alaska.

[2:43:14 PM](#)

MS. MAGNUSON argued that SB 170 is problematic because it singles out Arrow based on misinformation, requiring divestment of Whaler Casino Supply despite a multi-million-dollar investment and two years of stable operations. She said independent legal review found the provision likely unconstitutional, violating equal protection and the Fifth Amendment by effectively taking private property without just compensation. She emphasized that Arrow's investment benefits employees and the business, and that prohibiting manufacturer ownership of distributors would send a negative message to future investors in Alaska.

[2:47:44 PM](#)

MS. MAGNUSON urged careful review of the provision, suggesting two remedies: either remove the provision entirely to resolve constitutional and fairness issues or make the provision prospective, applying only to future acquisitions, thereby protecting Arrow's existing investment while complying with U.S. and Alaska constitutional requirements.

[2:48:40 PM](#)

CHAIR BJORKMAN asked if there are other states that do not allow manufacturers to own distributors.

[2:48:47 PM](#)

MS. MAGNUSON answered there are two, Minnesota and North Dakota. She said in North Dakota and Minnesota, regulators have suggested eliminating distributors from electronic pull tab distribution, allowing manufacturers to handle distribution directly. While paper products still require distributors, electronic products enable a different structure, and both states have considered combining manufacturer and distributor roles.

[2:49:50 PM](#)

CHAIR BJORKMAN asked if there is value in provisions that protect Alaska owned distributors.

[2:49:59 PM](#)

MS. MAGNUSON answered that there is no issue with manufacturers owning or being required to use distributors, though the problem lies in prohibiting ownership. She said the main concern is that SB 170 applies retroactively, forcing Arrow to divest after already investing heavily in purchasing the Whaler.

[2:51:07 PM](#)

CHAIR BJORKMAN stated that the priority is maximizing value for charities and protecting Alaska-based businesses. He acknowledged tension between out-of-state manufacturers and local distributors, noting the intent of SB 170 is to prevent monopolies and ensure fair economic choices. He expressed willingness to explore solutions that protect Alaska's interests while maintaining a fair regulatory structure for charitable gaming.

[2:53:37 PM](#)

SENATOR DUNBAR stated that SB 170 does not violate state or federal equal protection provisions, as it falls under rational basis review and regulates commerce. He noted that similar restrictions on vertical integration exist in industries like cannabis to prevent monopolies. He said he was unaware of Arrow's purchase of the Whaler until the hearing and emphasized that it does not affect the committee's work. He added that he's not sure if he supports the provision, stating that claims of equal protection violations are a misreading of the law.

[2:55:31 PM](#)

MS. MAGNUSON replied that the letter from Holland and Hart argues the issue is not about the state's authority to regulate but that the law appears to single out one company for special treatment, warranting a higher level of judicial scrutiny, especially since it would affect an existing investment. She clarified that Arrow does not intend to eliminate distributors and values their role in the industry, but SB 170 would force the company to divest its ownership of Whaler, causing significant financial harm. She said this would reduce, not increase, competition in Alaska by leaving only two distributors instead of three.

[2:58:16 PM](#)

SENATOR GRAY-JACKSON asked if divesting ownership of Whaler is her only concern.

[2:58:30 PM](#)

MS. MAGNUSON replied that Arrow cannot support SB 170 as written due to major concerns, especially the ownership restriction. Other issues include the requirement to sell to all distributors without exceptions for exclusive games and the limitation to tablet-only devices, which she said restricts charities' choice. She noted that while SB 170 contains positive elements, several provisions need improvement.

[2:59:47 PM](#)

CHAIR BJORKMAN asked whether Arrow has a position on the proposed 35 percent cap for the share payable to manufacturers and whether the company supports lowering that cap.

[3:00:06 PM](#)

MS. MAGNUSON replied that Arrow can accept the 35 percent cap proposed in SB 170, noting that the effective rate is closer to 27 percent once the 3 percent state tax and local taxes are included. She emphasized that early implementation requires substantial upfront investment in equipment and software, making lower caps difficult initially. Minnesota's recent 25 percent cap came after 13 years of market maturity and was intended to offset high charity taxes, which are much greater than in Alaska.

[3:03:09 PM](#)

CHAIR BJORKMAN asked how the flow of money works for electronic pull tabs in Minnesota—specifically, how bars receive the games, collect revenue, and return funds to charities and on what timeline.

[3:03:46 PM](#)

MS. MAGNUSON replied that in Minnesota and North Dakota, charities are responsible for operating pull tabs, while bars handle day-to-day management. She said charities provide the starting bank, and bars use it to accept payments and pay prizes. Electronic systems allow charities to track transactions in real time through a portal. Charities must collect the money within about five days or once \$2,000 is reached. She said in North Dakota, machines have locked bill acceptors, so bars only pay prizes. While theft occasionally occurs, electronic tracking makes identifying and resolving losses much easier.

[3:07:38 PM](#)

CHAIR BJORKMAN emphasized the importance of clear electronic point-of-sale systems and that charitable nonprofits need support from electronic gaming. He said the goal is to advance a widely supported bill while avoiding provisions for cabinet-

style machines resembling slot machines, which many oppose. SB 170 was crafted to reflect input and successful models from other states. He acknowledged industry concerns about monopolistic control and stressed the need to refine details in future hearings to ensure a workable, durable bill with broad support.

[CHAIR BJORKMAN held SB 170 in committee.]

[3:09:54 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:09 p.m.