

Offered: 5/18/84  
Referred: Rules

Original sponsor: Community and Regional  
Affairs Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 549 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of  
7 skill; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-  
11 ted under this chapter may not be conducted unless an annual permit  
12 issued by the department is first obtained and a fee of \$50 is paid to  
13 the department.

14 (b) A qualified operator may conduct an activity permitted under  
15 this chapter for a municipality or qualified organization if an annual  
16 operator's permit issued by the department is first obtained, a fee of  
17 \$200 is paid to the department and a bond or other security acceptable  
18 to the department is filed with the department for 10 percent of the  
19 amount of prizes and net proceeds estimated to be paid for the  
20 calendar year. The operator's permit is in addition to the permit  
21 required to be obtained by the municipality or qualified organization  
22 on whose behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half percent of the gross  
24 receipts from an activity permitted under this chapter shall be paid  
25 to the department by each municipality or qualified organization  
26 annually except that a qualified operator shall be liable for the  
27 additional fee for activities conducted by the qualified operator on  
28 behalf of a municipality or qualified organization.

29 \* Sec. 2. AS 05.15 is amended by adding a new section to read:

1           Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL  
2 GOVERNMENT. (a) A borough or organized municipality outside of a  
3 borough may elect, by passage of an appropriate ordinance, to impose  
4 an additional license fee, not to exceed one-half of one percent, on  
5 the gross receipts of an activity authorized under this chapter con-  
6 ducted within its boundaries. A borough or organized municipality  
7 outside of a borough that elects to impose the additional license fee  
8 shall file written notice of the election with the department on or  
9 before December 1 of the year preceding the year an election under  
10 this section is to become effective. The notice may not be rescinded  
11 for a subsequent calendar year unless a rescission notice is received  
12 by the department on or before January 1 of the year for which the  
13 license fee is rescinded.

14           (b) The additional license fee shall be collected and adminis-  
15 tered by the department in the same manner as provided for the addi-  
16 tional fee in AS 05.15.020(c).

17           (c) The department shall refund money collected under this  
18 section to the borough or organized municipality outside of a borough  
19 for which the money was collected, as determined by the location of  
20 the activity authorized under this chapter.

21           (d) Money received by an organized borough under this section  
22 shall be allocated by the borough by ordinance for city, area outside  
23 city and service area purposes within the borough.

24 \* Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25           Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS, REQUIRED  
26 APPROVALS, AND PROTESTS. (a) At the time of filing an initial or  
27 renewal application the applicant shall notify the city or borough  
28 nearest to the location of the proposed activity of the application  
29 and the location at which the proposed activity will be conducted.

1 (b) A local government is required to approve by resolution an  
2 initial permit application for conducting bingo games, selling pull-  
3 tabs, or holding special-draw games in its jurisdiction. The commis-  
4 sioner shall define special-draw games in regulations adopted under  
5 the Administrative Procedure Act (AS 44.62). The approval, which may  
6 be granted at the discretion of the governing body, shall accompany  
7 the initial license application to the commissioner. The commissioner  
8 may not issue a permit for an activity in a jurisdiction which has not  
9 approved the activity as required under this subsection.

10 (c) A local government may protest the conduct of an activity in  
11 its jurisdiction, including the renewal of a permit for which initial  
12 approval was required under (b) of this section, by filing with the  
13 commissioner a resolution stating the reasons for the protest. Pro-  
14 tests are limited to the lack of qualifications prescribed by this  
15 chapter or a finding that the proposed activity would not be in the  
16 best interests of the public. This resolution is only a recommenda-  
17 tion by the city that may be considered by the commissioner in the  
18 commissioner's determination to issue or refuse to issue a permit.

19 (d) If a permittee relocates within the same city or borough for  
20 which approval has been granted, the permittee shall notify the de-  
21 partment and the city or borough within 30 days of its move to the new  
22 location.

23 (e) If a permittee intends to conduct an activity in a city or  
24 borough in addition to a jurisdiction for which approval has been  
25 granted, the permittee shall file an application with the department  
26 and shall notify the city or borough nearest to the new location  
27 before conducting the activity at the new location. An activity may  
28 not be conducted in the additional or new jurisdiction before approval  
29 by the commissioner.

1           (f) The commissioner may limit the locations in which activities  
2 under this chapter may be conducted as required to protect the best  
3 interest of the public.

4 \* Sec. 4. AS 05.15.060 is repealed and reenacted to read:

5           Sec. 05.15.060. REGULATIONS. In accordance with the Administra-  
6 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt  
7 regulations necessary to carry out this chapter covering but not  
8 limited to the control and issuance of permits, authorized expenses,  
9 investigations of permittees, recordkeeping and accounting, prizes,  
10 equipment, audits of authorized activities, suspension or revocation  
11 of permits and other matters that the commissioner considers necessary  
12 to carry out this chapter or protect the best interest of the public.

13 \* Sec. 5. AS 05.15.070 is amended to read:

14           Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.  
15 The commissioner may examine or have examined the books and records of  
16 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE  
17 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue  
18 subpoenas for the attendance of witnesses and the production of books,  
19 records, and other documents.

20 \* Sec. 6. AS 05.15.080 is repealed and reenacted to read:

21           Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-  
22 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-  
23 ified organization conducting an activity authorized under this chap-  
24 ter shall file a report with the department no later than the last  
25 business day of the month following the month in which an activity was  
26 conducted. The report must include the type of activity conducted,  
27 the date and location of the activity, the amount of gross receipts,  
28 the amount of authorized expenses, the value of prizes awarded, the  
29 amount of net proceeds and other information the commissioner may

1 require by regulation.

2 (b) A municipality or qualified organization conducting an  
3 activity authorized under this chapter shall file an annual report  
4 with the department no later than January 31 of the year following the  
5 year in which activities were conducted, accompanied by the payment of  
6 the additional fee as required under AS 05.15.020(c). The report must  
7 list the types of activities conducted, and, for each activity, the  
8 total amount of gross receipts, the total amount of authorized ex-  
9 penses, the total value of prizes, and the total amount of net pro-  
10 ceeds. The report must also include the disposition or intended  
11 disposition of the net proceeds.

12 \* Sec. 7. AS 05.15 is amended by adding new sections to read:

13 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED  
14 OPERATORS. (a) A qualified operator shall file a report with the  
15 department no later than the last business day of the month following  
16 the month in which an activity was conducted. The report shall be  
17 divided into sections for each municipality and qualified organization  
18 on whose behalf an activity was conducted and must include the date  
19 and location of each activity, the type of activity conducted, the  
20 amount of gross receipts, the amount of authorized expenses, the value  
21 of prizes awarded, the amount of net proceeds paid to the municipality  
22 or qualified organization on whose behalf the activity was conducted  
23 and other information the commissioner may require by regulation.

24 (b) A qualified operator shall file an annual report with the  
25 department no later than January 31 of the year following the year in  
26 which activities were conducted, accompanied by the payment of the  
27 additional fee as required under AS 05.15.020(c). The report must  
28 list the types of activities conducted, the municipalities and qual-  
29 ified organizations on whose behalf the activities were conducted, the

1 total gross receipts, the total authorized expenses, the total prizes  
2 and the total net proceeds turned over to each municipality and qual-  
3 ified organization.

4 (c) A municipality or qualified organization that authorizes a  
5 qualified operator to conduct activities authorized under this chapter  
6 shall file an annual report with the department no later than  
7 January 31 of the year following the year in which the activities were  
8 conducted. The report must list each activity conducted, the autho-  
9 rized representative for the municipality or qualified organization,  
10 the qualified operator conducting the activity, the date and location  
11 of each activity and the net proceeds received from the qualified  
12 operator for the activity.

13 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF  
14 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications  
15 and reports required under this chapter shall be filed under penalty  
16 of perjury and signed by a bona fide member in good standing of the  
17 qualified organization or a person authorized to sign on behalf of a  
18 municipality.

19 (b) The commissioner may grant an extension for the filing of a  
20 report required under this chapter upon a showing by the permittee of  
21 reasonable cause for delay. The extension may not be granted in  
22 excess of 30 days and the report will not be considered delinquent  
23 during the period of the extension. An extension of time for the  
24 payment of the license fee is prohibited.

25 (c) A permittee is not authorized to conduct an activity under  
26 this chapter during any period in which a report or license fee is  
27 delinquent.

28 (d) A delinquent license fee shall bear interest at the rate  
29 provided for in AS 43.05.225.

1 \* Sec. 8. AS 05.15.160 is amended to read:

2 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense  
3 may not be incurred or paid in connection with the operation of an  
4 activity under a permit issued under this chapter except for bona fide  
5 expenses reasonably necessary for

6 (1) goods, wares, and merchandise necessary for the opera-  
7 tion of the activity;

8 (2) personal services rendered that are not directly or  
9 indirectly involved with the operation of the activity; or

10 (3) personal services involved with the operation of the  
11 activity provided the services are performed by an employee of the  
12 municipality, qualified organization, qualified operator or a consul-  
13 tant hired by the municipality or qualified organization conducting  
14 the activity, provided the consultant is not directly involved in the  
15 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE  
16 RECEIPTS FROM THE ACTIVITY].

17 \* Sec. 9. AS 05.15.160 is amended by adding new subsections to read:

18 (b) The annual authorized expenses under (a) of this section may  
19 not exceed 25 percent of the annual gross receipts from activities  
20 authorized under this chapter.

21 (c) The annual net proceeds for a qualified organization from  
22 activities authorized under this chapter may not be less than 25  
23 percent of the annual gross receipts.

24 \* Sec. 10. AS 05.15 is amended by adding a new section to read:

25 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator  
26 may not operate an activity for more than one authorizing permittee in  
27 any 24 hour period.

28 (b) A qualified operator is required to pay the authorizing  
29 permittee the net proceeds from an activity within 15 calendar days

1 from the date of the activity. The payment shall be made by check and  
2 the qualified operator shall obtain a signed receipt from the autho-  
3 rizing permittee. The authorizing permittee shall keep a copy of the  
4 receipt for its records.

5 (c) The net proceeds of an activity that shall be paid by the  
6 qualified operator to the authorizing permittee shall be the gross  
7 receipts from the activity reduced by the license fee based on the  
8 gross receipts, the authorized expenses provided for under AS 05.15.-  
9 160(a) and the prizes awarded at the activity.

10 (d) An authorizing permittee shall designate a representative,  
11 who is a bona fide member in good standing of the qualified organiza-  
12 tion or a person designated by the municipality, to be its agent in  
13 working with the qualified operator. The representative shall have  
14 access to all books and records of the qualified operator relevant to  
15 the activity, including the amounts of gross receipts, authorized  
16 expenses and prizes awarded. The commissioner may order the produc-  
17 tion of the books and records of a qualified operator that are not  
18 voluntarily made available to the representative under regulations  
19 adopted by the department.

20 (e) If the department finds that a qualified operator has in-  
21 curred expenses that are not authorized under AS 05.15.160(a), or has  
22 incurred expenses in excess of the amount authorized under AS 05.15.-  
23 160(b), or has paid an authorizing permittee less than the minimum  
24 amount of net proceeds provided for under AS 05.15.160(c), the depart-  
25 ment shall order the qualified operator to refund to the authorizing  
26 permittee the amount of the unauthorized expenses or the difference  
27 between the minimum amount of net proceeds under AS 05.15.160(b) and  
28 the amount of the net proceeds actually paid, whichever is greater.  
29 The qualified operator shall pay the authorizing permittee interest on

1 the amount ordered to be paid at the rate of 1.5 percent a month for  
2 each month or fraction of a month between the date of the operation of  
3 the activity and the date the refund is made.

4 \* Sec. 11. AS 05.15.200 is amended by adding a new subsection to read:

5 (c) The commissioner may assess a penalty in the manner provided  
6 for the nonpayment of taxes under AS 43.05.220(a) where a permittee  
7 has failed to timely pay a license fee required under AS 05.15.020(c),  
8 unless it is shown that the failure was due to reasonable cause.

9 \* Sec. 12. AS 05.15.210(15) is repealed and reenacted to read:

10 (15) "net proceeds" means the gross receipts from the activ-  
11 ity reduced by the license fee based on the gross receipts, the au-  
12 thorized expenses provided for under AS 05.15.160(a) and the prizes  
13 awarded at the activity;

14 \* Sec. 13. AS 05.15.210 is amended by adding new subsections to read:

15 (24) "authorizing permittee" means a municipality or qual-  
16 ified organization that has authorized a qualified operator to conduct  
17 activities authorized under a permit issued by the commissioner under  
18 this chapter on its behalf;

19 (25) "commissioner" means the commissioner of revenue;

20 (26) "department" means the Department of Revenue;

21 (27) "permittee" means a municipality, qualified organiza-  
22 tion or qualified operator that has been issued a permit to conduct  
23 the activities authorized under this chapter;

24 (28) "qualified operator" means a municipality or qualified  
25 organization that has been authorized by the commissioner to operate  
26 the activities authorized under this chapter on behalf of another  
27 permittee.

28 \* Sec. 14. An organization which was conducting bingo games, selling  
29 pulltabs, or holding special-draw games before the effective date of this

1 Act is not required to have its existing location or locations approved by  
2 a local government under AS 05.15.030(b).

3 \* Sec. 15. This Act takes effect July 1, 1984.