

Introduced: 2/27/85
Referred: State Affairs,
Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 247

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST 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 amended to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) An activity per-
11 mitted under this chapter may not be conducted by a municipality or a
12 qualified organization, and a raffle may not be conducted by a politi-
13 cal organization, unless an annual permit issued by the department is
14 first obtained and a fee of \$50 [\$20] is paid to the department. [AN
15 ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY
16 EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME
17 AS THE ANNUAL FINANCIAL STATEMENT.]

18 (b) An activity permitted under this chapter, except a raffle
19 permitted under AS 05.15.100(c), may be conducted by an operator for a
20 municipality or qualified organization if an annual operator's permit
21 issued by the department is obtained, a fee of \$200 is paid to the
22 department, and a bond or other security acceptable to the department
23 is filed with the department in an amount equal to 10 percent of
24 estimated gross receipts from all activities to be conducted by the
25 operator in the calendar year. The operator's permit is in addition
26 to the permit required to be obtained by the municipality or qualified
27 organization on whose behalf the operator conducts the activity.

28 (c) An additional fee of one and one-half percent of the gross
29 receipts, less the value of prizes awarded, from an activity permitted

1 under this chapter must be paid to the department annually by the
2 municipality, qualified organization, or political organization au-
3 thorized to conduct the activity, except that an operator is liable
4 for and must pay to the department the additional fee for activities
5 conducted by the operator on behalf of a municipality or qualified
6 organization.

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

8 Sec. 05.15.025. BOND CONDITIONS AND FORFEITURE. (a) The bond
9 or security filed under AS 05.15.020(b) must be made payable to the
10 Department of Revenue and must be conditioned upon payment to the
11 department of the fee required by AS 05.15.020(c) and payment to the
12 authorizing permittee of net proceeds as required by AS 05.15.165(b).
13 If the operator fails to make the required payments, the operator
14 forfeits the bond or security to the department.

15 (b) The amount forfeited under (a) of this section must be first
16 used to satisfy delinquent fees, interest, and penalties due the
17 department under this chapter. If the amount forfeited is not ex-
18 hausted by payment of delinquent fees, interest, and penalties, the
19 department may use the remaining amount to pay net proceeds due an
20 authorizing permittee. The total amount available for payment of net
21 proceeds must be prorated among the permittees to whom proceeds are
22 due from that operator.

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

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

1 (b) Local government approval by resolution is required for
2 three activities: bingo games, pull-tabs, and special-draw games. The
3 commissioner may not issue a permit to a qualified organization for
4 these activities in a jurisdiction that has not approved the activity.
5 Evidence of approval must be included with the initial application.

6 (c) A local government may protest issuance of a permit for
7 activities other than those described in (b) of this section, and the
8 renewal of a permit for an activity for which approval is required
9 under (b) of this section, by filing with the commissioner a resolu-
10 tion stating the reasons for the protest. A protest may be based on
11 the organization's lack of qualifications for a permit or a finding
12 that the proposed activity is not in the best interests of the public.
13 The commissioner may consider the protest resolution in the determina-
14 tion to issue or renew a permit.

15 (d) If a permittee changes the location of an activity in the
16 jurisdiction for which a permit has been issued, the permittee shall
17 notify the department and the local government within 30 days after
18 moving to the new location.

19 (e) To conduct an activity in an additional jurisdiction, a
20 permittee shall file an application with the department and shall
21 notify the local government nearest the location of the proposed
22 activity. An activity may not be conducted in an additional jurisdic-
23 tion until approval from the commissioner is obtained.

24 (f) The commissioner may limit the locations in which activities
25 under this chapter may be conducted.

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

27 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
28 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
29 regulations necessary to implement this chapter, including regulations

1 on the control and issuance of permits, authorized expenses, investi-
2 gations and audits, recordkeeping and accounting, bond and security
3 forfeiture, prizes, equipment, suspension and revocation of permits
4 and licenses, definition of special-draw games, distribution of pull-
5 tabs, and other matters that the commissioner considers necessary.

6 * Sec. 5. AS 05.15.070 is amended to read:

7 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
8 The commissioner may examine or have examined the books and records of
9 a permittee, including a political organization and an operator, and
10 the books and records of a person licensed to distribute pull-tab
11 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
12 PAY THE REASONABLE COST OF THE EXAMINATION.] The commissioner may
13 issue subpoenas for the attendance of witnesses and the production of
14 books, records, and other documents.

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

16 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
17 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
18 A municipality, qualified organization, and political organization
19 issued a permit to conduct an activity authorized under this chapter
20 shall file a report with the department no later than the last busi-
21 ness day of the month following the month in which the activity was
22 conducted. The report must include the type of activity conducted,
23 the date and location of the activity, the amount of gross receipts,
24 the amount of authorized expenses, the value of prizes awarded, the
25 amount of net proceeds, and other information the commissioner may
26 require by regulation.

27 (b) In addition to the reports required by (a) of this section,
28 a municipality, qualified organization, and political organization
29 issued a permit to conduct an activity authorized under this chapter

1 shall file an annual report with the department no later than
2 January 31 of the year following the year in which activities were
3 conducted, accompanied by the payment of the additional fee required
4 by AS 05.15.020(c). The report must list the types of activities
5 conducted, and, for each activity, the total amount of gross receipts,
6 the total amount of authorized expenses, the total value of prizes
7 awarded, and the total amount of net proceeds. The report must also
8 include the disposition or intended disposition of the net proceeds.
9 If a municipality or qualified organization authorizes an operator to
10 conduct activities on its behalf, it shall include in its annual
11 report each activity conducted on its behalf, the name of the operator
12 conducting the activity, the date and location of each activity, and
13 the net proceeds received from the operator for each activity.

14 * Sec. 7. AS 05.15 is amended by adding a new section to read:

15 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
16 TORS. (a) An operator shall file a report with the department no
17 later than the last business day of the month following the month in
18 which an activity was conducted. For each municipality and qualified
19 organization on whose behalf an activity was conducted, the report
20 must include the date and location of each activity, the type of
21 activity conducted, the amount of gross receipts, the amount of au-
22 thorized expenses, the value of prizes awarded, the amount of net
23 proceeds paid, and other information the commissioner may require by
24 regulation.

25 (b) An operator shall file an annual report with the department
26 no later than January 31 of the year following the year in which
27 activities were conducted, accompanied by the payment of the addition-
28 al fee required by AS 05.15.020(c). The report must list the types of
29 activities conducted, the municipalities and qualified organizations

1 on whose behalf the activities were conducted, the total amount of
2 gross receipts, the total amount of authorized expenses, the total
3 value of prizes awarded, and the total amount of net proceeds paid to
4 each municipality and qualified organization.

5 * Sec. 8. AS 05.15 is amended by adding a new section to read:

6 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
7 REPORTS AND PAYMENT OF FEES. (a) The applications and reports
8 required by this chapter must be filed under penalty of perjury and
9 signed by the following, as applicable: (1) a bona fide member in good
10 standing of the qualified organization, (2) a person authorized to
11 sign on behalf of the municipality, (3) the campaign treasurer of the
12 political organization, (4) the operator, or (5) the person licensed
13 to distribute pull-tab games in the state.

14 (b) Upon a showing of reasonable cause for delay, the commis-
15 sioner may grant an extension, not exceeding 30 days, for the filing
16 of a report required under this chapter. No extension of time for the
17 payment of a fee may be granted.

18 (c) A permittee may not conduct an activity under this chapter
19 during any period in which a report or fee is delinquent.

20 (d) A delinquent fee bears interest at the rate set by AS 43.-
21 05.225.

22 * Sec. 9. AS 05.15.100 is amended to read:

23 Sec. 05.15.100. COMMISSIONER OF REVENUE MAY ISSUE PERMITS. (a)
24 The commissioner of revenue may issue a permit to a municipality or
25 qualified organization. The permit gives the municipality or orga-
26 nization the privilege of conducting bingo, raffles and lotteries, ice
27 classics, rain classics, and dog mushers' contests[, FISH DERBIES AND
28 CONTESTS OF SKILL].

29 (b) The commissioner of revenue also may issue a permit giving a

1 municipality or qualified organization the privilege of conducting an
2 activity involving the use of playing cards, dice, and numbers wheels.
3 Each year, a municipality or qualified organization may apply for a
4 permit under this subsection for either a single event lasting no more
5 than three consecutive days, or for no more than three events lasting
6 no more than one day each.

7 (c) The commissioner may issue a permit to conduct a raffle to a
8 political organization. No more than three raffles may be conducted
9 by a political organization in a calendar year. An operator's permit
10 may not be issued under (d) of this section for a raffle permitted
11 under this subsection.

12 (d) The commissioner may issue an operator's permit to a natural
13 person authorized by a municipality or a qualified organization to
14 conduct an activity permitted under this chapter on its behalf. The
15 commissioner may also issue an operator's permit to a municipality or
16 a qualified organization authorized by another municipality or qual-
17 ified organization to conduct an activity on its behalf.

18 * Sec. 10. AS 05.15.120 is amended to read:

19 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant must
20 [SHALL] be a municipality or qualified organization to be eligible for
21 a permit, except that a raffle permit may be issued to a political
22 organization under AS 05.15.100(c), and an operator's permit may be
23 issued to a natural person under AS 05.15.100(d).

24 * Sec. 11. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. (a) The only expenses
26 that [NO ITEM OF EXPENSE] may be incurred or paid in connection with
27 the operation of an activity under a permit issued under this chapter
28 are [EXCEPT FOR] bona fide expenses reasonably necessary for

29 (1) goods, wares, and merchandise necessary for the

1 operation of the activity;

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

4 (3) personal services involved with the operation of the
5 activity, if [PROVIDED] the services are performed by (A) an employee
6 of the permittee; [MUNICIPALITY, QUALIFIED ORGANIZATION,] or (B) a
7 consultant hired by the permittee [MUNICIPALITY OR QUALIFIED ORGANI-
8 ZATION] conducting the activity, and the consultant is not directly
9 involved in the operation of the activity [AND THE COMPENSATION IS NOT
10 RELATED TO THE RECEIPTS FROM THE ACTIVITY].

11 (b) The expenses authorized by (a) of this section may not
12 exceed 25 percent of a permittee's annual gross receipts from the
13 authorized activity.

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

15 Sec. 05.15.163. NET PROCEEDS. The annual net proceeds of a
16 qualified organization from activities authorized under this chapter
17 may not be less than 25 percent of the organization's annual gross
18 receipts from the activities.

19 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an
20 activity for more than one authorizing permittee in a 24-hour period.

21 (b) An operator is required to pay the authorizing permittee the
22 net proceeds from an activity within 15 calendar days after the date
23 of the activity. The payment must be made by check, and the operator
24 shall obtain a signed receipt from the authorizing permittee. The
25 authorizing permittee shall keep a copy of the receipt for its re-
26 cords.

27 (c) An authorizing permittee shall designate a representative as
28 its agent to work with the operator. The representative of a quali-
29 fied organization must be a bona fide member in good standing of the

1 organization. The representative is entitled to access to all books
2 and records of the operator relating to the activity conducted by the
3 operator for the authorizing permittee. The commissioner may order
4 the production of the books and records of an operator if the operator
5 does not voluntarily make them available to the representative.

6 (d) If the department finds that an operator has incurred ex-
7 penses that are not authorized under AS 05.15.160(a), or has incurred
8 expenses in excess of the amount authorized under AS 05.15.160(b), or
9 has paid an authorizing permittee less than the minimum amount of net
10 proceeds required by AS 05.15.163, the department shall order the
11 operator to refund to the authorizing permittee the amount of the
12 unauthorized expenses, or the difference between the minimum amount of
13 net proceeds set under AS 05.15.163 and the amount of the net proceeds
14 actually paid, whichever is greater. The operator shall pay the
15 authorizing permittee interest on the amount ordered to be paid at the
16 rate of 1.5 percent a month for each month or fraction of a month
17 between the date of the activity and the date the refund is made.

18 (e) The name of the operator and the name of each authorizing
19 permittee on whose behalf an activity is conducted must be disclosed
20 in each advertisement of an activity. The operator shall post its
21 operator's permit and a copy of the permit of the authorizing per-
22 mittee at the location of the activity.

23 * Sec. 13. AS 05.15.180(a) is amended to read:

24 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
25 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
26 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
27 STRUMENTS] used, designed, or intended primarily for gaming or gam-
28 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
29 thorized by regulation and used in an activity authorized under this

1 chapter [THE COMMISSIONER].

2 * Sec. 14. AS 05.15 is amended by adding a new section to read:

3 Sec. 05.15.185. PULL-TAB GAMES. (a) No person may distribute
4 pull-tab games to another person in this state for use within this
5 state, unless the person first obtains a license from the commissioner
6 authorizing that person to distribute pull-tab games in the state.

7 (b) All pull-tabs distributed in the state by a person licensed
8 by the commissioner must be numbered, and each set of pull-tabs must
9 be sealed and marked with a numbered label purchased by the licensee
10 from the department.

11 (c) A person licensed under this section is authorized to dis-
12 tribute pull-tab games only to a municipality or a qualified orga-
13 nization that has obtained a permit authorizing it to conduct a pull-
14 tab game under this chapter.

15 (d) A person licensed by the commissioner to distribute pull-tab
16 games in the state shall (1) pay an annual fee of \$100; and (2) re-
17 port, as required by the commissioner, for all pull-tab games distri-
18 buted in the state, the name of the permittee to whom the games are
19 distributed, the numbers on the pull-tabs, and the number on the label
20 marking each set of pull-tabs.

21 (e) The commissioner may suspend or revoke a license issued
22 under this section if the licensee fails to comply with the require-
23 ments of this section.

24 (f) In this section, "distribute" means to sell, distribute,
25 furnish, or supply.

26 * Sec. 15. AS 05.15.200 is amended by adding a new subsection to read:

27 (c) The commissioner may assess a penalty in the amount pre-
28 scribed by AS 43.05.220(a) if a permittee, including a political
29 organization and an operator, fails to pay the fee as required by

1 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
2 that the failure was due to a reasonable cause.

3 * Sec. 16. AS 05.15.210(6) is amended to read:

4 (6) "dog mushers' contest" means a game of chance [CONTEST]
5 in which prizes are awarded for the correct guess of the racing time
6 of a dog team or of team position in the race[, INCLUDING PRIZES TO
7 THE RACE CONTESTANTS];

8 * Sec. 17. AS 05.15.210(12) is amended to read:

9 (12) "ice classic" means a game of chance in which a prize
10 of money is awarded for the closest guess of the time the ice moves in
11 a body of water or watercourse in the state [AND IS LIMITED TO THE
12 NENANA AND CHENA ICE POLLS IN THE SAME MANNER AS THEY WERE CONDUCTED
13 IN 1959 AND PREVIOUS YEARS];

14 * Sec. 18. AS 05.15.210(15) is repealed and reenacted to read:

15 (15) "net proceeds" means the gross receipts from an autho-
16 rized activity less the fee described in AS 05.15.020(c), the expenses
17 authorized by AS 05.15.160(a), and the prizes awarded at the activity;

18 * Sec. 19. AS 05.15.210(18) is amended to read:

19 (18) "political organization" means a candidate who, or a
20 group that, has registered and filed with the Alaska Public Offices
21 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
22 for nomination or election to the Presidency or the Vice-Presidency of
23 the United States or the U.S. Congress, or an authorized committee of
24 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
25 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
26 AS 15.60.010];

27 * Sec. 20. AS 05.15.210(19) is amended to read:

28 (19) "qualified organization" means a domestic corporation
29 organized under AS 10.20 that has been in existence for three years

1 after the date of issuance of a certificate of authority issued under
2 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
3 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
4 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
5 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
6 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
7 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
8 BEEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
9 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
10 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

11 * Sec. 21. AS 05.15.210 is amended by adding new paragraphs to read:

12 (24) "authorizing permittee" means a municipality or qual-
13 ified organization that authorizes an operator to conduct on its
14 behalf an activity subject to this chapter;

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

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

17 (27) "operator" means a natural person who, or a municipal-
18 ity or qualified organization that, has obtained a permit authorizing
19 it to operate an activity, subject to this chapter, on behalf of
20 another permittee.

21 * Sec. 22. AS 43.05.290(d) is amended to read:

22 (d) A person who wilfully makes and subscribes a return or other
23 document required under AS 05.15 or under this title which contains or
24 is verified by a written declaration that it is made under the pen-
25 alties of perjury which the person does not believe to be true and
26 correct as to every material matter is, in addition to other penalties
27 provided by that chapter or this title, whichever is applicable,
28 guilty of a felony and, upon conviction, punishable by a fine of not
29 more than \$25,000, or by imprisonment for not more than three years,

1 or by both.

2 * Sec. 23. AS 05.15.180(b), 05.15.200(b), 05.15.210(2), (3), (4), (5),
3 05.15.210(7), (8), (9), (10), 05.15.210(13), 05.15.210(17), and 05.15.-
4 210(22), and (23) are repealed.

5 * Sec. 24. This Act takes effect July 1, 1985.