

Offered: 4/4/85
Referred: Judiciary and
Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR HOUSE BILL NO. 247 (State Affairs)
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 FEE. An activity permitted
11 under this chapter may not be conducted by a municipality or a quali-
12 fied organization, and a raffle may not be conducted by a political
13 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 * Sec. 2. AS 05.15.020 is amended by adding new subsections to read:
19 (b) An activity permitted under this chapter, except a raffle
20 permitted under AS 05.15.100(c), may be conducted by an operator for a
21 municipality or qualified organization if an annual operator's permit
22 is obtained from the department, a fee of \$200 is paid to the depart-
23 ment, and a bond or other security acceptable to the department is
24 filed with the department in an amount equal to 10 percent of esti-
25 mated gross receipts from all activities to be conducted by the opera-
26 tor in the calendar year. The operator's permit is in addition to the
27 permit required to be obtained by the municipality or qualified orga-
28 nization on whose behalf the operator conducts the activity.
29 (c) An additional fee of one and one-half percent of the gross

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

8 * Sec. 3. AS 05.15 is amended by adding a new section to read:

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

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

24 * Sec. 4. 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 for a permit, a qualified organization shall
28 notify the local government nearest to the location of the proposed
29 activity of the application and the location where the proposed

1 activity will be conducted.

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

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

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

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

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

28 (g) To conduct an activity at a location that is more than five
29 miles from the nearest local government or that is within the

1 unorganized borough, a qualified organization, in accordance with the
2 procedures established by the commissioner of revenue, shall obtain
3 the approval of the commissioner of revenue, and is not required to
4 comply with the requirements of (a) - (e) of this section.

5 * Sec. 5. AS 05.15.060 is repealed and reenacted to read:

6 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
7 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
8 regulations necessary to implement this chapter, including regulations
9 on the control and issuance of permits, authorized expenses, investi-
10 gations and audits, recordkeeping and accounting, bond and security
11 forfeiture, prizes, equipment, suspension and revocation of permits
12 and licenses, definition of special-draw games, distribution of pull-
13 tabs, and other matters that the commissioner considers necessary.

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

15 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
16 The commissioner may examine or have examined the books and records of
17 a permittee, including a political organization and an operator, and
18 the books and records of a person licensed to distribute pull-tab
19 games in the state. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO
20 PAY THE REASONABLE COST OF THE EXAMINATION]. The commissioner may
21 issue subpoenas for the attendance of witnesses and the production of
22 books, records, and other documents.

23 * Sec. 7. AS 05.15.080 is repealed and reenacted to read:

24 Sec. 05.15.080. REPORTS REQUIRED OF AND PAYMENT OF FEE BY MUNI-
25 CIPALITIES, QUALIFIED ORGANIZATIONS, AND POLITICAL ORGANIZATIONS. (a)
26 A municipality, qualified organization, and political organization
27 issued a permit to conduct an activity authorized under this chapter
28 shall file a report with the department no later than the last busi-
29 ness day of the month following the month in which the activity was

1 conducted. The report must include the type of activity conducted,
2 the date and location of the activity, the amount of gross receipts,
3 the amount of authorized expenses, the value of prizes awarded, the
4 amount of net proceeds, and other information the commissioner may
5 require by regulation.

6 (b) In addition to the reports required by (a) of this section,
7 a municipality, qualified organization, and political organization
8 issued a permit to conduct an activity authorized under this chapter
9 shall file an annual report with the department no later than
10 January 31 of the year following the year in which activities were
11 conducted, accompanied by the payment of the additional fee required
12 by AS 05.15.020(c). The report must list the types of activities
13 conducted, and, for each activity, the total amount of gross receipts,
14 the total amount of authorized expenses, the total value of prizes
15 awarded, and the total amount of net proceeds. The report must also
16 include the disposition or intended disposition of the net proceeds.
17 If a municipality or qualified organization authorizes an operator to
18 conduct activities on its behalf, it shall include in its annual
19 report each activity conducted on its behalf, the name of the operator
20 conducting the activity, the date and location of each activity, and
21 the net proceeds received from the operator for each activity.

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

23 Sec. 05.15.085. REPORTS REQUIRED OF AND PAYMENT OF FEE BY OPERA-
24 TORS. (a) An operator shall file a report with the department no
25 later than the last business day of the month following the month in
26 which an activity was conducted. For each municipality and qualified
27 organization on whose behalf an activity was conducted, the report
28 must include the date and location of each activity, the type of
29 activity conducted, the amount of gross receipts, the amount of

1 authorized expenses, the value of prizes awarded, the amount of net
2 proceeds paid, and other information the commissioner may require by
3 regulation.

4 (b) An operator shall file an annual report with the department
5 no later than January 31 of the year following the year in which
6 activities were conducted, accompanied by the payment of the addition-
7 al fee required by AS 05.15.020(c). The report must list the types of
8 activities conducted, the municipalities and qualified organizations
9 on whose behalf the activities were conducted, the total amount of
10 gross receipts, the total amount of authorized expenses, the total
11 value of prizes awarded, and the total amount of net proceeds paid to
12 each municipality and qualified organization.

13 * Sec. 9. AS 05.15 is amended by adding a new section to read:

14 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
15 REPORTS AND PAYMENT OF FEES. (a) The applications and reports re-
16 quired by this chapter must be filed under penalty of perjury and
17 signed by the following, as applicable:

18 (1) a bona fide member in good standing of the qualified
19 organization;

20 (2) a person authorized to sign on behalf of the municipal-
21 ity;

22 (3) the campaign treasurer of the political organization;

23 (4) the operator; or

24 (5) the person licensed to distribute pull-tab games in the
25 state.

26 (b) Upon a showing of reasonable cause for delay, the commis-
27 sioner may grant an extension, not exceeding 30 days, for the filing
28 of a report required under this chapter. An extension of time for the
29 payment of a fee may not be granted.

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

3 (d) A delinquent fee bears interest at the rate set by AS 43.-
4 05.225.

5 * Sec. 10. AS 05.15.100(a) is amended to read:

6 (a) The commissioner of revenue may issue a permit to a munici-
7 pality or qualified organization. The permit gives the municipality
8 or organization the privilege of conducting bingo, raffles and lotter-
9 ies, ice classics, rain classics, and dog mushers' contests [, FISH
10 DERBIES AND CONTESTS OF SKILL].

11 * Sec. 11. AS 05.15.100 is amended by adding new subsections to read:

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

17 (d) The commissioner may issue an operator's permit to a natural
18 person authorized by a municipality or a qualified organization to
19 conduct an activity permitted under this chapter on its behalf. The
20 commissioner may also issue an operator's permit to a municipality or
21 a qualified organization authorized by another municipality or qual-
22 ified organization to conduct an activity on its behalf.

23 * Sec. 12. AS 05.15.120 is amended to read:

24 Sec. 05.15.120. ELIGIBILITY FOR PERMIT. An applicant shall be a
25 municipality or qualified organization to be eligible for a permit,
26 except that a raffle permit may be issued to a political organization
27 under AS 05.15.100(c), and an operator's permit may be issued to a
28 natural person under AS 05.15.100(d).

29 * Sec. 13. AS 05.15.160 is amended to read:

1 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [NO
2 ITEM OF EXPENSE] may be incurred or paid in connection with the opera-
3 tion of an activity under a permit issued under this chapter are
4 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

7 (2) personal services [RENDERED THAT ARE NOT DIRECTLY OR
8 INDIRECTLY] involved with the operation of the activity , including
9 those [; OR

10 (3) PERSONAL SERVICES INVOLVED WITH THE OPERATION OF THE
11 ACTIVITY PROVIDED THE SERVICES ARE] performed by

12 (A) an employee of the permittee; [MUNICIPALITY, QUALI-
13 FIED ORGANIZATION,] or

14 (B) a consultant hired by the permittee [MUNICIPALITY
15 OR QUALIFIED ORGANIZATION] conducting the activity [AND THE
16 COMPENSATION IS NOT RELATED TO THE RECEIPTS FROM THE ACTIVITY].

17 * Sec. 14. AS 05.15.160 is amended by adding a new subsection to read:

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

21 * Sec. 15. AS 05.15 is amended by adding new sections to read:

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

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

28 (b) An operator shall pay the authorizing permittee the net
29 proceeds from an activity within 15 calendar days after the date of

1 the activity. The payment shall be made by check, and the operator
2 shall obtain a signed receipt from the authorizing permittee. The
3 authorizing permittee shall keep a copy of the receipt for its re-
4 cords.

5 (c) An authorizing permittee shall designate a representative as
6 its agent to work with the operator. The representative of a quali-
7 fied organization shall be a bona fide member in good standing of the
8 organization. The representative is entitled to access to all books
9 and records of the operator relating to the activity conducted by the
10 operator for the authorizing permittee. The commissioner may order
11 the production of the books and records of an operator if the operator
12 does not voluntarily make them available to the representative.

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

25 (e) The name of the operator and the name of each authorizing
26 permittee on whose behalf an activity is conducted must be disclosed
27 in each advertisement of an activity. The operator shall post its
28 operator's permit and a copy of the permit of the authorizing per-
29 mittee at the location of the activity.

1 * Sec. 16. AS 05.15.180(a) is amended to read:

2 (a) This [EXCEPT AS PROVIDED IN AS 05.15.100(b), THIS] chapter
3 does not authorize the use of [PLAYING CARDS, DICE, ROULETTE WHEELS,
4 COIN-OPERATED] instruments, [OR] machines, or other objects [OR IN-
5 STRUMENTS] used, designed, or intended primarily for gaming or gam-
6 bling unless [OR ANY OTHER METHOD OR IMPLEMENT NOT] expressly au-
7 thorized by regulation and used in an activity authorized under this
8 chapter [THE COMMISSIONER].

9 * Sec. 17. AS 05.15 is amended by adding a new section to read:

10 Sec. 05.15.185. PULL-TAB GAMES. (a) A person may not dis-
11 tribute pull-tab games to another person in this state for use within
12 this state, unless the person first obtains a license from the commis-
13 sioner authorizing that person to distribute pull-tab games in the
14 state.

15 (b) All pull-tabs distributed in the state by a person licensed
16 by the commissioner shall be numbered, and each set of pull-tabs shall
17 be sealed and marked with a numbered label purchased by the licensee
18 from the department.

19 (c) A person licensed under this section may distribute pull-tab
20 games only to a municipality or a qualified organization that has
21 obtained a permit authorizing it to conduct a pull-tab game under this
22 chapter.

23 (d) A person licensed by the commissioner to distribute pull-tab
24 games in the state shall

25 (1) pay an annual fee of \$200; and

26 (2) report, as required by the commissioner, for all pull-
27 tab games distributed in the state, the name of the permittee to whom
28 the games are distributed, the numbers on the pull-tabs, and the
29 number on the label marking each set of pull-tabs.

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

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

6 * Sec. 18. AS 05.15.200 is amended by adding a new subsection to read:

7 (c) The commissioner may assess a penalty in the amount pre-
8 scribed by AS 43.05.220(a) if a permittee, including a political
9 organization and an operator, fails to pay the fee as required by
10 AS 05.15.020(c), 05.15.080(b), and 05.15.085(b), unless it is shown
11 that the failure was due to a reasonable cause.

12 * Sec. 19. AS 05.15.210(6) is amended to read:

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

17 * Sec. 20. AS 05.15.210(12) is amended to read:

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

23 * Sec. 21. AS 05.15.210(15) is repealed and reenacted to read:

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

27 * Sec. 22. AS 05.15.210(18) is amended to read:

28 (18) "political organization" means a candidate who, or a
29 group that, has registered and filed with the Alaska Public Offices

1 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
2 for nomination or election to the Presidency or the Vice-Presidency of
3 the United States or the U.S. Congress, or an authorized committee of
4 a candidate for national office [AN ORGANIZATION OR CLUB ORGANIZATION
5 UNDER OR FORMALLY AFFILIATED WITH A POLITICAL PARTY AS DEFINED IN
6 AS 15.60.010];

7 * Sec. 23. AS 05.15.210(19) is amended to read:

8 (19) "qualified organization" means a domestic corporation
9 organized under AS 10.20 that has been in existence for three years
10 after the date of issuance of a certificate of authority issued under
11 AS 10.20, or a political party as defined in AS 15.60.010 [BONA FIDE
12 CIVIC OR SERVICE ORGANIZATION OR A BONA FIDE RELIGIOUS, CHARITABLE,
13 FRATERNAL, LABOR, POLITICAL, OR EDUCATIONAL ORGANIZATION, POLICE OR
14 FIRE DEPARTMENT COMPANY, DOG MUSHERS' ASSOCIATION, OUTBOARD MOTOR
15 ASSOCIATION, OR FISHING-DERBY OR NONPROFIT TRADE ASSOCIATION IN THE
16 STATE, WHICH OPERATES WITHOUT PROFITS TO ITS MEMBERS AND WHICH HAS
17 BEEN IN EXISTENCE CONTINUALLY FOR A PERIOD OF FIVE YEARS IMMEDIATELY
18 BEFORE APPLYING FOR A LICENSE; THE ORGANIZATION MAY BE A FIRM, CORPO-
19 RATION, COMPANY, ASSOCIATION OR PARTNERSHIP];

20 * Sec. 24. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

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

1 * Sec. 25. AS 43.05.290(d) is amended to read:

2 (d) A person who wilfully makes and subscribes a return or other
3 document required under AS 05.15 or under this title that [WHICH]
4 contains or is verified by a written declaration that it is made under
5 the penalties of perjury that [WHICH] the person does not believe to
6 be true and correct as to every material matter is, in addition to
7 other penalties provided by that chapter or this title, whichever is
8 applicable, guilty of a felony and, upon conviction, punishable by a
9 fine of not more than \$25,000, or by imprisonment for not more than
10 three years, or by both.

11 * Sec. 26. AS 05.15.180(b); 05.15.200(b); 05.15.210(2), (3), (4), (5),
12 (7), (8), (9), (10), (13), (17), (22), and (23) are repealed.

13 * Sec. 27. This Act takes effect July 1, 1985.