

Offered: 5/9/85
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2

CS FOR HOUSE BILL NO. 247 (Judiciary)

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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 skill."

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

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* Section 1. AS 05.15.020 is amended to read:

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Sec. 05.15.020. ANNUAL PERMIT AND FEE. An activity permitted

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under this chapter may not be conducted by a municipality or a quali-

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fied organization, and a raffle may not be conducted by a political

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organization, unless an annual permit issued by the department is

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first obtained and a fee of \$50 [\$20] is paid to the department. [AN

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ADDITIONAL FEE OF ONE PER CENT OF THE NET PROCEEDS SHALL BE PAID BY

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EACH PERMITTEE ANNUALLY. THIS FEE IS DUE AND PAYABLE AT THE SAME TIME

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AS THE ANNUAL FINANCIAL STATEMENT.]

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* Sec. 2. AS 05.15.020 is amended by adding new subsections to read:

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(b) An activity permitted under this chapter, except a raffle

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permitted under AS 05.15.100(c), may be conducted by an operator for a

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municipality or qualified organization if an annual operator's permit

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is obtained from the department, a fee of \$200 is paid to the depart-

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ment, and a bond or other security acceptable to the department is

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filed with the department in an amount equal to 10 percent of esti-

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mated gross receipts from all activities to be conducted by the opera-

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tor in the calendar year. The operator's permit is in addition to the

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permit required to be obtained by the municipality or qualified orga-

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nization on whose behalf the operator conducts the activity.

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(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 and must be conditioned upon payment to the department of
12 the fee required by AS 05.15.020(c) and payment to the authorizing
13 permittee of net proceeds as required by AS 05.15.165(b). If the
14 operator fails to make the required payments, the operator forfeits
15 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 of the proposed activity of the applica-
29 tion and the location where the proposed 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 The qualified organization shall include evidence of approval with its
6 initial application.

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

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

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

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

27 (g) To conduct an activity at a location that is more than five
28 miles from a local government or that is within the unorganized bor-
29 ough, a qualified organization, in accordance with the procedures

1 established by the commissioner, shall obtain the approval of the
2 commissioner, and is not required to comply with (a) - (e) of this
3 section.

4 * Sec. 5. 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 shall adopt regula-
7 tions necessary to implement this chapter, including regulations on
8 the control and issuance of permits, authorized expenses, investi-
9 gations and audits, recordkeeping and accounting, bond and security
10 forfeiture, prizes, equipment, suspension and revocation of permits
11 and licenses, definition of special-draw games, distribution of pull-
12 tabs, and other matters that the commissioner considers necessary.

13 * Sec. 6. 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, including a political organization and an operator, and
17 the books and records of a person licensed to distribute pull-tab
18 games in the state [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY
19 THE REASONABLE COST OF THE EXAMINATION]. The commissioner may issue
20 subpoenas for the attendance of witnesses and the production of books,
21 records, and other documents.

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

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

1 report with the department no later than the last business day of the
2 month when the raffle was completed. The report must include the type
3 of activity conducted, the date and location of the activity, the
4 amount of gross receipts, the amount of authorized expenses, the value
5 of prizes awarded, the amount of net proceeds, and other information
6 the commissioner may require by regulation.

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

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

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

1 activity conducted, the amount of gross receipts, the amount of au-
2 thorized expenses, the value of prizes awarded, the amount of net
3 proceeds paid, and other information the commissioner may require by
4 regulation.

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

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

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

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

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

23 (3) the candidate or campaign treasurer of the political
24 organization;

25 (4) the operator; or

26 (5) the person licensed to distribute pull-tab games in the
27 state.

28 (b) Upon a showing of reasonable cause for delay, the commis-
29 sioner may grant an extension, not exceeding 30 days, for the filing

1 of a report required under this chapter. An extension of time for the
2 payment of a fee may not be granted.

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

5 (d) A delinquent fee bears interest at the rate set by AS 43.-
6 05.225.

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

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

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

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

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

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

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

1 natural person under AS 05.15.100(d).

2 * Sec. 13. AS 05.15.140(a) is amended to read:

3 (a) The commissioner [OF REVENUE] may not issue or renew a
4 permit except on [UPON] satisfactory proof that (1) the applicant is a
5 municipality, a [OR] qualified organization, or an operator; (2) the
6 activity may be permitted under this chapter; [,] and (3) the issuance
7 of a permit is not detrimental to the best interests of the public.
8 On [UPON] request of the commissioner [OF REVENUE], the applicant
9 shall prove conclusively each of these requirements before a permit
10 may be issued or renewed.

11 * Sec. 14. AS 05.15.140(b) is amended to read:

12 (b) In an application for a permit, a municipality, a [OR]
13 qualified organization, or an operator shall disclose the name and
14 address of each person responsible for the operation of the activity
15 and whether a [ANY] person named

16 (1) has ever been convicted of a felony or gambling misde-
17 meanor; or

18 (2) has a [PROHIBITED] financial interest [, AS DEFINED IN
19 REGULATIONS ADOPTED BY THE COMMISSIONER,] in the operation of the
20 activity except that an operator may be paid compensation for services
21 rendered.

22 * Sec. 15. AS 05.15.140(c) is repealed and reenacted to read:

23 (c) The commissioner may not issue a permit for an activity that
24 is conducted by

25 (1) an operator who has been convicted of a felony or a
26 gambling misdemeanor or who has a financial interest in the activity
27 other than being paid compensation for services rendered;

28 (2) a person whose name and address must be disclosed under
29 (b) of this section who has been convicted of a felony or gambling

1 misdemeanor or who has a financial interest in the activity other than
2 being paid compensation for services rendered.

3 * Sec. 16. AS 05.15.160 is amended to read:

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

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

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

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

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

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

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

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

24 * Sec. 18. AS 05.15 is amended by adding new sections to read:

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

29 Sec. 05.15.165. OPERATORS. (a) An operator may not operate an

1 activity for more than one authorizing permittee in a 24-hour period.

2 (b) An operator shall pay the authorizing permittee the net
3 proceeds from an activity within 15 calendar days after the date of
4 the activity. The payment shall be made by check, and the operator
5 shall obtain a signed receipt from the authorizing permittee. The
6 authorizing permittee shall keep a copy of the receipt for its re-
7 cords.

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

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

28 (e) The name of the operator and the name of each authorizing
29 permittee on whose behalf an activity is conducted must be disclosed

1 in each advertisement of an activity. The operator shall post its
2 operator's permit and a copy of the permit of the authorizing per-
3 mittee at the location of the activity.

4 * Sec. 19. AS 05.15.180(a) is amended to read:

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

12 * Sec. 20. AS 05.15 is amended by adding a new section to read:

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

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

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

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

28 (1) pay an annual fee of \$1000; and

29 (2) report, as required by the commissioner, for all pull-

1 tab games distributed in the state, the name of the permittee to whom
2 the games are distributed, the numbers on the pull-tabs, and the
3 number on the label marking each set of pull-tabs.

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

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

9 * Sec. 21. AS 05.15.200(b) is repealed and reenacted to read:

10 (b) If a person wilfully makes and signs an application, report
11 or other document required under this chapter that contains a written
12 declaration that it is made under the penalty of perjury and the
13 person does not believe the declaration to be true, the person is
14 guilty of perjury.

15 * Sec. 22. AS 05.15.210(6) is amended to read:

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

20 * Sec. 23. AS 05.15.210(12) is amended to read:

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

26 * Sec. 24. AS 05.15.210(15) is repealed and reenacted to read:

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

1 * Sec. 25. AS 05.15.210(18) is repealed and reenacted to read:

2 (18) "political organization" means a candidate who, or a
3 group that, has registered and filed with the Alaska Public Offices
4 Commission as required by AS 15.13.050 and 15.13.060, or a candidate
5 for nomination or election to the Presidency or the Vice-Presidency of
6 the United States or the U.S. Congress, or an authorized committee of
7 a candidate for national office;

8 * Sec. 26. AS 05.15.210(19) is repealed and reenacted to read:

9 (19) "qualified organization" means a domestic corporation
10 organized under AS 10.20 that has been in existence for three years
11 after the issuance of its certificate of incorporation, a religious
12 corporation formed under AS 10.40 that has been in existence for three
13 years after the date of filing its articles of incorporation, a labor
14 organization that has been in existence for three years, or a politi-
15 cal party as defined in AS 15.60.010;

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

17 (20) "raffle and lottery" means the selling of rights to
18 participate, and the awarding of prizes [, IN THE SPECIFIED KINDS OF
19 GAMES OF CHANCE SOMETIMES KNOWN AS PULL-TAB GAMES IN WHICH THE PRICE
20 OF EACH CHANCE IS \$2 OR LESS AND] in the specified kind of game of
21 chance sometimes known as a raffle or lottery, conducted by the draw-
22 ing for prizes by chance;

23 * Sec. 28. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

29 (27) "established village" means an unincorporated community

1 where 25 or more people reside permanently as a social unit;

2 (28) "local government" means an established village or
3 municipality, except for the unorganized borough, that covers or is
4 within five miles of the site of an activity that is the subject of a
5 permit or application for a permit under this chapter;

6 (29) "operator" means a natural person who, or a municipal-
7 ity or qualified organization that, has obtained a permit authorizing
8 it to operate an activity subject to this chapter on behalf of another
9 permittee;

10 (30) "pull-tab game" means a game of chance where a card,
11 the face of which is covered to conceal a number, symbol, or set of
12 symbols, is purchased by the participant for a price of \$2 or less and
13 where a prize is awarded for a card containing certain numbers or
14 symbols designated in advance and at random.

15 * Sec. 29. AS 05.15.180(b), 05.15.210(2), (3), (4), (5), (7), (8), (9),
16 (10), (17), (22), and (23) are repealed.