

Original sponsor: Labor and Commerce
Committee

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 299 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act revising the state gaming laws."

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

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 AS 05.15.020 is repealed and reenacted to read:

9 Sec. 05.15.020. ANNUAL PERMIT AND FEES. (a) A municipality or
10 qualified organization may conduct an activity permitted under this
11 chapter, if the municipality or qualified organization pays the appro-
12 priate permit fee and receives an annual permit issued by the depart-
13 ment. The annual permit fee is

14 (1) \$20 for an applicant that did not hold a permit during
15 the preceding year;

16 (2) \$20 for an applicant that had gross receipts of less
17 than \$20,000 from activities conducted under this chapter during the
18 preceding year;

19 (3) \$50 for an applicant that had gross receipts of \$20,000
20 or more but not exceeding \$100,000 from activities conducted under
21 this chapter during the preceding year; or

22 (4) \$100 for an applicant that had gross receipts exceeding
23 \$100,000 from activities conducted under this chapter during the
24 preceding year.

25 (b) An additional fee shall be paid to the department annually
26 by the municipality or qualified organization authorized to conduct
27 activities under this chapter. The additional fee is

28 (1) one percent of the net proceeds of the activities au-
29 thorized under the permit if the gross receipts for the activities

1 were \$20,000 or more but not exceeding \$100,000; or

2 (2) three percent of the net proceeds of the activities au-
3 thorized under the permit if the gross receipts for the activities
4 exceeded \$100,000.

5 (c) A municipality or qualified organization applying for renew-
6 al of the annual permit shall provide proof satisfactory to the de-
7 partment that it does not have outstanding debts to a pull-tab distri-
8 butor licensed under AS 05.15.183.

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

10 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received
11 under this chapter shall be deposited in the general fund. The com-
12 missioner of administration shall separately account for the money
13 received under this chapter. The annual estimated balance in the
14 account may be used by the legislature to make appropriations to the
15 Department of Revenue to carry out enforcement of this chapter.

16 * Sec. 3. AS 05.15.030 is amended by adding a new subsection to read:

17 (c) 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 10 days after
20 moving to the new location.

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

22 Sec. 05.15.060. REGULATIONS. The department shall adopt regula-
23 tions under the Administrative Procedure Act (AS 44.62) necessary to
24 carry out this chapter covering, but not limited to

25 (1) the issuance, renewal, and revocation of permits and
26 licenses;

27 (2) a method of ascertaining net proceeds, the determina-
28 tion of items of expense that may be incurred or paid and the limita-
29 tion of the amount of the items of expense to prevent the proceeds

1 from the activity permitted from being diverted to noncharitable,
2 noneducational, nonreligious, or profit-making organizations, indi-
3 viduals, or groups;

4 (3) the immediate revocation of permits and licenses au-
5 thorized under this chapter if this chapter or regulations adopted
6 under it are violated;

7 (4) the requiring of detailed, sworn, financial reports of
8 operations from permittees and licensees including detailed statements
9 of receipts and payments;

10 (5) the investigation of permittees, licensees, and their
11 employees, including the fingerprinting of those permittees, licens-
12 ees, and employees whom the commissioner considers it advisable to
13 fingerprint;

14 (6) exclusion from participation as a permittee, licensee,
15 or employee of a permittee or licensee of a person convicted of, in
16 prison for, or on parole for a felony within the preceding five years
17 or convicted of a crime involving theft or dishonesty or of a viola-
18 tion of a municipal, state, or federal gambling law;

19 (7) the method and manner of conducting authorized activi-
20 ties and awarding of prizes or awards, and the equipment that may be
21 used;

22 (8) the number of activities that may be held, operated, or
23 conducted under a permit during a specified period; however, the
24 department may not allow more than nine bingo sessions per month and
25 35 bingo games per session to be conducted under a permit;

26 (9) a method of accounting for receipts and disbursements
27 by operators, including the keeping of records and requirements for
28 the deposit of all receipts in a bank;

29 (10) the disposition of funds in possession of a permittee

1 or a person, municipality, or qualified organization that possesses an
2 operator's license at the time a permit or a license is surrendered,
3 revoked, or invalidated;

4 (11) restrictions on the participation by employees of the
5 Department of Fish and Game in salmon classics;

6 (12) other matters the commissioner considers necessary to
7 carry out this chapter or protect the best interest of the public.

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

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

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

17 Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND
18 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-
19 tion issued a permit under this chapter shall file a report with the
20 department by the 45th day following each calendar quarter in which
21 the permittee had gross receipts of \$50,000 or more from activities
22 authorized under this chapter. The report must include the type of
23 activity conducted, the date and location of the activity, the amount
24 of gross receipts, the amount of authorized expenses, the value of
25 prizes awarded, the amount of net proceeds, and other information the
26 department may require. However, if the only activity conducted by a
27 municipality or qualified organization during a calendar quarter is a
28 raffle or lottery, then the municipality or qualified organization is
29 not required to file a report under this subsection until the raffle

1 or lottery is completed.

2 (b) A municipality or a qualified organization issued a permit
3 under this chapter shall file an annual report with the department by
4 March 15 of the year following the year in which activities were con-
5 ducted, accompanied by the payment of the additional fee, as may be
6 required under AS 05.15.020(b). The report must list the types of
7 activities conducted, and, for each activity, the total amount of
8 gross receipts, the total amount of authorized expenses, the total
9 value of prizes awarded, and the total amount of net proceeds.

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

11 Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An
12 operator shall file a report with the department by the last business
13 day of the month following each calendar quarter in which an activity
14 was conducted. The report must include, for each authorizing permit-
15 tee on whose behalf an activity was conducted during the quarter, the
16 date and location of each activity, the type of activity conducted,
17 the amount of gross receipts, the amount of authorized expenses, the
18 value of prizes awarded, the amount of net proceeds paid, and other
19 information the department may require; a completed Internal Revenue
20 Service Form 941; and a copy of the operator's employer contributions
21 and wage reports submitted to the Department of Labor for the quarter.
22 However, if the only activity conducted by an operator during the
23 calendar quarter is a raffle or lottery, then the operator is not
24 required to file a report under this subsection until the raffle or
25 lottery is completed.

26 (b) An operator shall file an annual report with the department
27 no later than February 28 of the year following the year in which
28 activities were conducted. The report must include, for each autho-
29 rizing permittee on whose behalf an activity was conducted, the types

1 of activities conducted, the total amount of gross receipts, the total
2 amount of authorized expenses, the total value of prizes awarded, the
3 total amount of net proceeds paid to each authorizing permittee. The
4 annual report shall also include a completed Internal Revenue Service
5 Form W-2 for each person employed by the operator during the preceding
6 year.

7 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-
8 CEEDS. (a) An operator shall file a monthly report with each author-
9 izing permittee for which the operator has conducted an activity
10 during the preceding month. The report must include a daily summary
11 of activity conducted under the permit issued to the authorizing
12 permittee and an accounting of gross receipts, expenses, and net
13 proceeds for the month. A check in the amount of the net proceeds due
14 to the authorizing permittee for the month must accompany the report.
15 The operator shall file the report by the 15th day after the end of
16 the month covered by the report.

17 (b) An operator shall file a quarterly report with each autho-
18 rizing permittee for which the operator has conducted an activity
19 during the preceding calendar quarter. The report must contain quar-
20 terly summaries and year-to-date totals of the information provided
21 under (a) of this section. The operator shall file the report by the
22 last day of the month following the end of the calendar quarter.

23 (c) An operator shall file an annual report with each authoriz-
24 ing permittee for which the operator has conducted an activity during
25 the preceding calendar year. The report must contain an annual sum-
26 mary of the information provided under (a) of this section. The
27 operator shall file this report by February 28 of the year following
28 the year in which the activities were conducted.

29 (d) An operator shall provide original invoice documents and

1 deposit slips upon the request of an authorizing permittee for whom
2 the operator has conducted activities.

3 * Sec. 8. AS 05.15.090 is amended to read:

4 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15
5 [MARCH 2] of each year the commissioner of revenue shall submit a
6 detailed report containing a summary of all reports required of per-
7 mittees and operators [RECOMMENDING A PERMIT FEE SCALE THAT WILL COVER
8 COSTS OF ADMINISTRATION AND ENFORCEMENT]. The attorney general and
9 the commissioner of public safety shall, within 10 days after the
10 convening of the legislature each year, submit a jointly prepared,
11 detailed report outlining the effect, if any, of the operation of this
12 chapter on the legal and law-enforcement activities of the state.

13 * Sec. 9. AS 05.15 is amended by adding a new section to article 1 to
14 read:

15 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF
16 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications
17 and reports to the department required by this chapter shall be signed
18 under penalty of perjury by the following person, as applicable:

- 19 (1) the member in charge for the qualified organization;
20 (2) a person authorized to sign on behalf of the municipal-
21 ity;
22 (3) the operator or the operator's agent;
23 (4) the licensed pull-tab distributor or the distributor's
24 agent; or
25 (5) the licensed pull-tab manufacturer or the manufactur-
26 er's agent.

27 (b) A permittee or operator may not conduct an activity under
28 this chapter during a period in which a report or fee is delinquent.

29 (c) A delinquent fee bears interest at the rate set by AS 43.-

1 05.225.

2 (d) A permittee or licensee under this chapter shall pay a
3 penalty of one percent of the unpaid balance, as determined by the
4 department, of a fee due under this chapter for each 30-day period or
5 part of a 30-day period that the fee is delinquent. The department
6 may waive the penalty if the failure to pay the fee on time is due to
7 a reasonable cause, as defined by regulation adopted by the depart-
8 ment. The amount of the penalty may not exceed 25 percent of the
9 unpaid fee.

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

11 (a) The commissioner [OF REVENUE] may issue a permit to a munic-
12 ipality or qualified organization. The permit gives the municipality
13 or qualified organization the privilege of conducting bingo, raffles
14 and lotteries, pull-tab games, ice classics, rain classics, goose
15 classics, mercury classics, salmon classics, dog mushers' contests,
16 fish derbies and contests of skill.

17 * Sec. 11. AS 05.15.100 is amended by adding a new subsection to read:

18 (c) The commissioner may issue an operator's license to a natu-
19 ral person to conduct an activity permitted under this chapter on
20 behalf of a municipality or a qualified organization. The commis-
21 sioner may also issue an operator's license to a municipality or a
22 qualified organization authorized to conduct an activity on behalf of
23 another municipality or qualified organization.

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

25 Sec. 05.15.112. MEMBER IN CHARGE. (a) Each municipality or
26 qualified organization that receives a permit under this chapter shall
27 designate a member in charge.

28 (b) The member in charge is responsible for preparation, mainte-
29 nance, and transmittal of all records and reports required of the

1 permittee. The member in charge shall be a member of the qualified
2 organization or an employee of the municipality.

3 (c) The member in charge shall monitor the operator's perfor-
4 mance under and compliance with contracts for the conduct of activ-
5 ities on behalf of the authorizing permittee.

6 (d) The municipality or qualified organization shall designate
7 alternate members in charge who are responsible for the duties of the
8 member in charge in the absence of the member in charge.

9 Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)
10 A municipality or qualified organization holding a permit to conduct
11 an activity under this chapter may enter into a contract with an
12 operator licensed under this chapter to conduct on behalf of the
13 municipality or qualified organization those activities permitted
14 under the authority of the permit.

15 (b) The contract between an authorizing permittee and an opera-
16 tor must include the amount and form of compensation to be paid to the
17 operator, the term of the contract, the activities to be conducted by
18 the operator on behalf of the permittee, the location where the activ-
19 ities are to be conducted, the name and address of the member in
20 charge, and other provisions the department may require.

21 (c) A permittee may not contract with more than one operator at
22 a time to conduct the same type of activity. For the purposes of this
23 subsection, bingo games, raffles, lotteries, pull-tab games, ice
24 classics, rain classics, goose classics, mercury classics, salmon
25 classics, dog mushers' contests, fish derbies, contests of skill, and
26 all activities permitted under AS 05.15.100(b) are each a different
27 type of activity.

28 (d) A permittee shall submit to the department a copy of each
29 contract with an operator with whom the permittee contracts to conduct

1 activities subject to this chapter. The permittee shall submit to the
2 department a copy of the contract or subsequent amendment of the
3 contract by certified mail at least 15 days before activities are
4 conducted under the contract or amended contract.

5 * Sec. 13. AS 05.15 is amended by adding new sections to read:

6 Sec. 05.15.125. OPERATOR'S LICENSE. (a) A person,
7 municipality, or qualified organization may not conduct an activity
8 subject to this chapter on behalf of a municipality or qualified
9 organization unless the person, municipality, or qualified
10 organization has received an operator's license issued by the depart-
11 ment.

12 (b) The department may issue an operator's license to a natural
13 person, municipality, or qualified organization that

14 (1) applies on the form provided by the department;

15 (2) pays the annual fee of \$500;

16 (3) discloses the identity of persons employed by the
17 applicant in a managerial or supervisory capacity;

18 (4) submits proof of liability insurance satisfactory to
19 the department; and

20 (5) posts a bond or security satisfactory to the department
21 in the amount of \$25,000 for each permit under which the operator
22 operates up to a maximum of \$100,000.

23 (c) The department may not issue an operator's license to an
24 applicant if the applicant or a person employed by the applicant in a
25 managerial or supervisory capacity, has been convicted of, in prison
26 for, or on parole for a felony within the preceding five years or
27 convicted of a crime involving theft or dishonesty or of a violation
28 of a municipal, state, or federal gambling law.

29 (d) A licensee may not employ a person in a managerial or super-

1 visory capacity if the person has been convicted of, in prison for, or
2 on parole for a felony within the preceding five years or convicted of
3 a crime involving theft or dishonesty or of a violation of a
4 municipal, state, or federal gambling law.

5 Sec. 05.15.128. REVOCATION OF OPERATOR'S LICENSE. (a) The
6 department shall revoke the license of an operator who does not

7 (1) report an adjusted gross income of at least 15 percent
8 of gross income for two consecutive quarters based on the total opera-
9 tion of the operator; or

10 (2) pay to each authorizing permittee for two consecutive
11 quarters at least 15 percent of the adjusted gross income, as de-
12 termined under (1) of this subsection, received from activities con-
13 ducted on behalf of the authorizing permittee.

14 (b) A person, municipality, or qualified organization whose
15 operator's license has been revoked under this section may appeal the
16 revocation if the person, municipality, or qualified organization
17 submits to and pays for a complete audit of the operator's financial
18 records by the department. The results of the audit are conclusive.

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

20 (b) In an application for a permit, a municipality or qualified
21 organization shall disclose the name and address of each person re-
22 sponsible for the operation of the activity and whether any person
23 named

24 (1) has [EVER] been convicted of, in prison for, or on
25 parole for a felony within the preceding five years or convicted of a
26 crime involving theft or dishonesty or of a violation of a municipal,
27 state, or federal gambling law [MISDEMEANOR]; or

28 (2) has a prohibited financial interest, as defined in
29 regulations adopted by the commissioner, in the operation of the

1 activity.

2 * Sec. 15. AS 05.15.140(c) is amended to read:

3 (c) The commissioner [OF REVENUE] may not issue a permit for an
4 activity operated by a person who has been convicted of, in prison
5 for, or on parole for a felony within the preceding five years or
6 convicted of a crime involving theft or dishonesty or of a violation
7 of a municipal, state, or federal gambling law [MISDEMEANOR].

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

9 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN
10 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the
11 operation of an activity under a permit issued under this chapter are
12 [EXCEPT FOR] bona fide expenses reasonably necessary for

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

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

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

20 (A) an employee of the permittee; [MUNICIPALITY, QUAL-
21 IFIED ORGANIZATION,] or

22 (B) an operator [A CONSULTANT] hired by the permittee
23 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]
24 the activity if [AND] the compensation is not related to the
25 receipts from the activity.

26 * Sec. 17. AS 05.15 is amended by adding new sections to read:

27 Sec. 05.15.165. OPERATORS. (a) An operator shall pay net
28 proceeds to the authorizing permittee by check.

29 (b) If the department finds that an operator has incurred ex-

1 penses that are not authorized under AS 05.15.160, the department
2 shall order the operator to refund to the authorizing permittee the
3 amount of the unauthorized expenses. The operator shall pay the
4 authorizing permittee interest on the amount ordered to be paid at the
5 rate of 1.5 percent a month for each month or fraction of a month
6 between the date of the activity and the date the refund is made.

7 (c) The operator shall post in a public place on the premises
8 where the activities are conducted the operator's permit and a copy of
9 the permit of each authorizing permittee with whom the operator has a
10 contract to conduct activities at the location.

11 (d) An operator shall pay the operator's employees a wage compa-
12 rable to the prevailing wage for the work performed.

13 (e) An operator shall obtain liability insurance covering each
14 location where the licensee conducts an activity subject to this chap-
15 ter. The operator shall provide upon request proof of insurance for
16 each location to the department. The operator and the insurer shall
17 inform the department of changes in the coverage of the insurance or
18 of cancellation of the insurance. Cancellation of the insurance
19 immediately suspends the rights of the operator to conduct activities
20 under this chapter at the location covered by the insurance until
21 subsequent insurance is obtained.

22 (f) An operator shall have its financial records reviewed an-
23 nually by a certified public accountant. The operator shall submit
24 the results of the review to the department by February 28 of the year
25 following the year for which the review is conducted.

26 (g) An operator may not

27 (1) charge losses resulting from bad checks or uncollect-
28 able debts against the net proceeds due to the authorizing permittee;

29 (2) extend credit to players;

1 (3) employ house players;

2 (4) allow the operator's employees to play a game conducted
3 by the operator at the location where the employee works for the
4 operator.

5 Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security
6 filed under AS 05.15.125(b) must be made payable to the department and
7 must be conditioned upon payment of the amounts due to the department
8 and payment of net proceeds due to the authorizing permittee. If the
9 operator fails to make the required payments, the operator forfeits
10 the bond or security to the department.

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

19 (c) The operator and the surety shall inform the department if
20 the bond is canceled or the security is impaired.

21 * Sec. 18. AS 05.15.180(b) is amended to read:

22 (b) With the exception of raffles, lotteries, bingo games,
23 pull-tab games, rain classics, goose classics, mercury classics,
24 salmon classics, and other activities authorized under AS 05.15.-
25 100(b), an activity may not be licensed under this chapter unless it
26 existed in the state in substantially the same form and was conducted
27 in substantially the same manner before January 1, 1959.

28 * Sec. 19. AS 05.15.180 is amended by adding a new subsection to read:

29 (d) The total value of door prizes offered or awarded under

1 authority of a permit issued to a municipality or qualified orga-
2 nization under this chapter may not exceed \$1,000 a month or \$12,000 a
3 year.

4 * Sec. 20. AS 05.15 is amended by adding new sections to read:

5 Sec. 05.15.181. PULL-TAB MANUFACTURER'S LICENSE. (a) A person
6 may not manufacture pull-tabs in the state unless the person has
7 received a pull-tab manufacturer's license issued by the department.

8 (b) The department may issue a pull-tab manufacturer's license
9 to a person who pays an annual fee of \$500.

10 (c) Each series of pull-tabs manufactured in the state shall be
11 sealed and have a serial number label issued by the National Associa-
12 tion of Fund Ticket Manufacturers or other serial number label ap-
13 proved by the department.

14 (d) A pull-tab manufacturer may distribute pull-tabs only to a
15 licensed pull-tab distributor unless the pull-tab manufacturer is also
16 a licensed pull-tab distributor.

17 (e) Each pull-tab manufacturer shall report to the department by
18 the last business day of the month on each series of pull-tabs dis-
19 tributed during the preceding month, including the serial number of
20 each series distributed and the name of the distributor to whom the
21 series was distributed.

22 Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE. (a) A person
23 may not distribute pull-tab games unless the person has received a
24 pull-tab distributor's license issued by the department.

25 (b) The department may issue a pull-tab distributor's license to
26 a person who pays an annual fee of \$1,000.

27 (c) Pull-tabs may be distributed only from a location in the
28 state. A person may not distribute pull-tabs directly to another
29 person in the state from a location outside of this state.

1 (d) A pull-tab distributor shall report to the department by the
2 last business day of each month on each pull-tab series distributed in
3 the preceding month. The report must include the name of the permit-
4 tee to whom each series of pull-tabs is distributed and the serial
5 number of each series.

6 (e) A pull-tab distributor shall pay to the department a tax of
7 three percent of an amount equal to the gross receipts less prizes
8 awarded of each series of pull-tabs distributed. The tax shall be
9 paid each month at the time that the report under (d) of this section
10 is filed with the department.

11 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of
12 pull-tabs distributed in the state shall be sealed and have a serial
13 number label issued by the National Association of Fund Ticket Manu-
14 facturers or other serial number label approved by the department and
15 may be distributed only to a municipality or a qualified organization
16 that has obtained a permit issued under this chapter or to an operator
17 on behalf of an authorizing permittee.

18 Sec. 05.15.187. OPERATION OF PULL-TAB GAMES. (a) A municipali-
19 ty or qualified organization may operate pull-tab games. Pull-tabs
20 shall be obtained from a licensed distributor.

21 (b) A municipality or a qualified organization may award up to
22 \$500,000 in prizes each year if it uses only employees of the munic-
23 ipality or members of the qualified organization to operate the pull-
24 tab game. However, a municipality or qualified organization may award
25 more than \$500,000 in prizes if the municipality or qualified orga-
26 nization pays a fee of one percent of the amount awarded in prizes
27 after exceeding \$500,000 in prizes. The municipality or qualified
28 organization shall pay the fee on awards of prizes exceeding \$500,000
29 with its annual report to the department.

1 (c) If a municipality or a qualified organization contracts with
2 an operator to conduct a pull-tab game on its behalf, the municipality
3 or qualified organization may award a maximum of \$300,000 in prizes.

4 (d) A pull-tab series may not be sold at more than one location
5 during the same day.

6 (e) Pull-tabs from different series may not be mixed or com-
7 bined.

8 (f) A pull-tab series may not be withdrawn from sale until all
9 pull-tabs in the series are sold.

10 (g) Pull-tabs may not be sold to a minor. A minor may not
11 purchase a pull-tab.

12 (h) Each municipality or qualified organization that had gross
13 receipts exceeding \$100,000 during the preceding year from activities
14 conducted under this chapter or that is required to report under
15 AS 05.15.080(a), that conducts a pull-tab game shall maintain records
16 for two years of each prize of \$50 or more, the first day and last day
17 that each series was distributed, the serial number of each series,
18 and the distributor from whom each series was purchased.

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

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

23 * Sec. 22. AS 05.15.210(21) is amended to read:

24 (21) "qualified organization" means a bona fide civic or
25 service organization or a bona fide religious, charitable, fraternal,
26 labor, political, or educational organization, police or fire depart-
27 ment company, dog mushers' association, outboard motor association, or
28 fishing derby [FISHING-DERBY] or nonprofit trade association in the
29 state, that operates without profits to its members and that has been

1 in existence continually for a period of three [FIVE] years immediate-
2 ly before applying for a license; the organization may be a firm,
3 corporation, company, association, or partnership;

4 * Sec. 23. AS 05.15.210(22) is repealed and reenacted to read:

5 (22) "raffle and lottery" means the selling of rights to
6 participate and the awarding of prizes in a game of chance conducted
7 by the drawing for prizes by lot;

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

9 (27) "adjusted gross income" means gross income less prizes
10 awarded and state, federal, and municipal taxes paid or owed on the
11 income;

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

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

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

17 (31) "distribute" means sell, distribute, furnish, or sup-
18 ply;

19 (32) "operator" means a natural person who, or a municipal-
20 ity or qualified organization that, has obtained a license to conduct
21 an activity subject to this chapter on behalf of a permittee;

22 (33) "pull-tab game" means a game of chance where a card,
23 the face of which is covered to conceal a number, symbol, or set of
24 symbols, is purchased by the participant and where a prize is awarded
25 for a card containing certain numbers or symbols designated in advance
26 and at random;

27 (34) "series" means a unit of pull-tabs with the same serial
28 number.

29 * Sec. 25. AS 05.15 is amended by adding a new section to read:

Alaska Gaming Reform Act

1 **Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the**
2 **Alaska Gaming Reform Act.**