

Original sponsor: Labor and Commerce  
Committee

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 299 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the conduct of games of chance  
7 and contests of skill by municipalities and nonprofit  
8 organizations; and regulation of operators and  
9 pull-tabs."

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

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 AS 05.15.020 is repealed and reenacted to read:

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

17 (1) \$20 for an applicant that did not hold a permit during  
18 the preceding year;

19 (2) \$20 for an applicant that had gross receipts of less  
20 than \$20,000 from activities conducted under this chapter during the  
21 preceding year;

22 (3) \$50 for an applicant that had gross receipts of \$20,000  
23 or more but not exceeding \$100,000 from activities conducted under  
24 this chapter during the preceding year; or

25 (4) \$100 for an applicant that had gross receipts exceeding  
26 \$100,000 from activities conducted under this chapter during the  
27 preceding year.

28 (b) An additional fee shall be paid to the department annually  
29 by the municipality or qualified organization authorized to conduct

1 activities under this chapter. The additional fee is

2 (1) one percent of the net proceeds of the activities au-  
3 thorized under the permit if the gross receipts for the activities  
4 were \$20,000 or more but not exceeding \$100,000; or

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

8 (c) A municipality or qualified organization applying for renew-  
9 al of the annual permit shall provide proof satisfactory to the de-  
10 partment that it does not have an outstanding debt for payment of a  
11 tax on pull-tabs under AS 05.15.183 to a pull-tab distributor.

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

13 Sec. 05.15.025. MONEY DEPOSITED IN GENERAL FUND. Money received  
14 by the department under this chapter shall be deposited in the general  
15 fund. The commissioner of administration shall separately account for  
16 the money deposited in the general fund under this section. The  
17 annual estimated balance in the account may be used by the legislature  
18 to make appropriations to the department to carry out enforcement of  
19 this chapter.

20 \* Sec. 3. AS 05.15.030(a) is amended to read:

21 (a) At the time of filing an application for a permit or license  
22 under this chapter the applicant shall notify the city or borough  
23 nearest to the location of the proposed activity of the application.  
24 A local government unit may protest the conduct of the activity in its  
25 jurisdiction by resolution stating the reasons for the protest filed  
26 with the department; protests are limited to the lack of qualifica-  
27 tions prescribed by this chapter. This resolution is only a recommen-  
28 dation by the city which may be considered by the commissioner in  
29 determining whether to issue or refuse to issue a permit or license.

1 \* Sec. 4. AS 05.15.030 is amended by adding a new subsection to read:

2 (c) If a permittee or licensee changes the location of an activ-  
3 ity in the jurisdiction for which a permit has been issued, the per-  
4 mittee shall notify the department and the local government within 10  
5 days after moving to the new location.

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

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

10 (1) the issuance, renewal, and revocation of permits and  
11 licenses;

12 (2) a method of ascertaining net proceeds, the determina-  
13 tion of items of expense that may be incurred or paid and the limita-  
14 tion of the amount of the items of expense to prevent the proceeds  
15 from the activity permitted from being diverted to noncharitable,  
16 noneducational, nonreligious, or profit-making organizations, indi-  
17 viduals, or groups;

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

21 (4) the requiring of detailed, sworn, financial reports of  
22 operations from permittees and licensees including detailed statements  
23 of receipts and payments;

24 (5) the investigation of permittees, licensees, and their  
25 employees, including the fingerprinting of those permittees, licens-  
26 ees, and employees whom the commissioner considers it advisable to  
27 fingerprint;

28 (6) exclusion from participation as a permittee, licensee,  
29 or employee of a permittee or licensee of a person convicted of, in

1 prison for, or on parole for a felony within the preceding five years  
2 or convicted of a crime involving theft or dishonesty or of a viola-  
3 tion of a municipal, state, or federal gambling law;

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

7 (8) the number of activities that may be held, operated, or  
8 conducted under a permit during a specified period; however, the  
9 department may not allow more than nine bingo sessions per month and  
10 35 bingo games per session to be conducted under a permit;

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

14 (10) the disposition of funds in possession of a permittee  
15 or a person, municipality, or qualified organization that possesses an  
16 operator's license at the time a permit or a license is surrendered,  
17 revoked, or invalidated;

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

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

22 \* Sec. 6. AS 05.15.070 is amended to read:

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

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

2           Sec. 05.15.080. REPORTS AND FEES REQUIRED OF MUNICIPALITIES AND  
3 QUALIFIED ORGANIZATIONS. (a) A municipality or a qualified organiza-  
4 tion issued a permit under this chapter shall file a report with the  
5 department by the 45th day following each calendar quarter in which  
6 the permittee had gross receipts of \$50,000 or more from activities  
7 authorized under this chapter. The report must include the type of  
8 activity conducted, the date and location of the activity, the amount  
9 of gross receipts, the amount of authorized expenses, the value of  
10 prizes awarded, the amount of net proceeds, and other information the  
11 department may require. However, if the only activity conducted by a  
12 municipality or qualified organization during a calendar quarter is a  
13 raffle or lottery, then the municipality or qualified organization is  
14 not required to file a report under this subsection until the raffle  
15 or lottery is completed.

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

24 \* Sec. 8. AS 05.15 is amended by adding new sections to read:

25           Sec. 05.15.083. REPORTS TO DEPARTMENT BY OPERATORS. (a) An  
26 operator shall file a report with the department by the last business  
27 day of the month following each calendar quarter in which an activity  
28 was conducted. The report must include, for each authorizing permit-  
29 tee on whose behalf an activity was conducted during the quarter, the

1 date and location of each activity, the type of activity conducted,  
2 the amount of gross receipts, the amount of authorized expenses, the  
3 value of prizes awarded, the amount of net proceeds paid, and other  
4 information the department may require; a completed Internal Revenue  
5 Service Form 941; and a copy of the operator's employer contributions  
6 and wage reports submitted to the Department of Labor for the quarter.  
7 However, if the only activity conducted by an operator during the  
8 calendar quarter is a raffle or lottery, then the operator is not  
9 required to file a report under this subsection until the raffle or  
10 lottery is completed.

11 (b) An operator shall file an annual report with the department  
12 no later than February 28 of the year following the year in which  
13 activities were conducted. The report must include, for each autho-  
14 rizing permittee on whose behalf an activity was conducted, the types  
15 of activities conducted, the total amount of gross receipts, the total  
16 amount of authorized expenses, the total value of prizes awarded, the  
17 total amount of net proceeds paid to each authorizing permittee. The  
18 annual report shall also include a completed Internal Revenue Service  
19 Form W-2 for each person employed by the operator during the preceding  
20 year.

21 Sec. 05.15.087. REPORTS TO PERMITTEE AND PAYMENT OF NET PRO-  
22 CEEDS. (a) An operator shall file a monthly report with each author-  
23 izing permittee for which the operator has conducted an activity  
24 during the preceding month. The report must include a daily summary  
25 of activity conducted under the permit issued to the authorizing  
26 permittee and an accounting of gross receipts, expenses, and net  
27 proceeds for the month. A check in the amount of the net proceeds due  
28 to the authorizing permittee for the month must accompany the report.  
29 The operator shall file the report by the 15th day after the end of

1 the month covered by the report.

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

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

14 (d) An operator shall provide original invoice documents and  
15 deposit slips upon the request of an authorizing permittee for whom  
16 the operator has conducted activities.

17 \* Sec. 9. AS 05.15.090 is amended to read:

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

27 \* Sec. 10. AS 05.15 is amended by adding a new section to article 1 to  
28 read:

29 Sec. 05.15.095. GENERAL PROVISIONS RELATING TO THE FILING OF

1 APPLICATIONS AND REPORTS AND PAYMENT OF FEES. (a) The applications  
2 and reports to the department required by this chapter shall be signed  
3 under penalty of perjury by the following person, as applicable:

- 4 (1) the member in charge for the qualified organization;  
5 (2) a person authorized to sign on behalf of the municipal-  
6 ity;  
7 (3) the operator or the operator's agent;  
8 (4) the licensed pull-tab distributor or the distributor's  
9 agent; or  
10 (5) the licensed pull-tab manufacturer or the manufactur-  
11 er's agent.

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

14 (c) A delinquent fee bears interest at the rate set by AS 43.-  
15 05.225.

16 (d) A permittee or licensee under this chapter shall pay a  
17 penalty of one percent of the unpaid balance, as determined by the  
18 department, of a fee due under this chapter for each 30-day period or  
19 part of a 30-day period that the fee is delinquent. The department  
20 may waive the penalty if the failure to pay the fee on time is due to  
21 a reasonable cause, as defined by regulation adopted by the depart-  
22 ment. The amount of the penalty may not exceed 25 percent of the  
23 unpaid fee.

24 \* Sec. 11. AS 05.15.100(a) is amended to read:

25 (a) The commissioner [OF REVENUE] may issue a permit to a munic-  
26 ipality or qualified organization. The permit gives the municipality  
27 or qualified organization the privilege of conducting bingo, raffles  
28 and lotteries, pull-tab games, ice classics, rain classics, goose  
29 classics, mercury classics, salmon classics, dog mushers' contests,

1 fish derbies and contests of skill.

2 \* Sec. 12. AS 05.15.100 is amended by adding a new subsection to read:

3 (c) The commissioner may issue an operator's license to a natu-  
4 ral person to conduct an activity permitted under this chapter on  
5 behalf of a municipality or a qualified organization. The commis-  
6 sioner may also issue an operator's license to a municipality or a  
7 qualified organization authorized to conduct an activity on behalf of  
8 another municipality or qualified organization.

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

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

13 (b) The member in charge is responsible for preparation, mainte-  
14 nance, and transmittal of all records and reports required of the  
15 permittee. The member in charge shall be a member of the qualified  
16 organization or an employee of the municipality.

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

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

23 Sec. 05.15.115. CONTRACTS BETWEEN PERMITTEES AND OPERATORS. (a)  
24 A municipality or qualified organization holding a permit to conduct  
25 an activity under this chapter may enter into a contract with an  
26 operator licensed under this chapter to conduct on behalf of the  
27 municipality or qualified organization those activities permitted  
28 under the authority of the permit.

29 (b) The contract between an authorizing permittee and an

1 operator must include the amount and form of compensation to be paid  
2 to the operator, the term of the contract, the activities to be con-  
3 ducted by the operator on behalf of the permittee, the location where  
4 the activities are to be conducted, the name and address of the member  
5 in charge, and other provisions the department may require.

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

13 (d) A permittee shall submit to the department a copy of each  
14 contract with an operator with whom the permittee contracts to conduct  
15 activities subject to this chapter. The permittee shall submit to the  
16 department a copy of the contract or subsequent amendment of the  
17 contract by certified mail at least 15 days before activities are  
18 conducted under the contract or amended contract.

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

20 Sec. 05.15.122. OPERATOR'S LICENSE. (a) A person, municipal-  
21 ity, or qualified organization may not conduct an activity subject to  
22 this chapter on behalf of a municipality or qualified organization  
23 unless the person, municipality, or qualified organization has re-  
24 ceived an operator's license issued by the department.

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

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

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

29 (3) discloses the identity of persons employed by the

1 applicant in a managerial or supervisory capacity;

2 (4) submits proof of liability insurance satisfactory to  
3 the department; and

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

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

13 (d) A licensee may not employ a person in a managerial or super-  
14 visory capacity if the person has been convicted of, in prison for, or  
15 on parole for a felony within the preceding five years or convicted of  
16 a crime involving theft or dishonesty or of a violation of a munici-  
17 pal, state, or federal gambling law.

18 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A munic-  
19 ipality may by ordinance prohibit an operator from conducting activ-  
20 ities under this chapter within the municipality.

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

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

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

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

6 \* Sec. 15. AS 05.15.140(b) is amended to read:

7 (b) In an application for a permit, a municipality or qualified  
8 organization shall disclose the name and address of each person re-  
9 sponsible for the operation of the activity and whether any person  
10 named

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

15 (2) has a prohibited financial interest, as defined in  
16 regulations adopted by the commissioner, in the operation of the  
17 activity.

18 \* Sec. 16. AS 05.15.140(c) is amended to read:

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

24 \* Sec. 17. AS 05.15.160 is amended to read:

25 Sec. 05.15.160. AUTHORIZED EXPENSES. The only expenses that [AN  
26 ITEM OF EXPENSE] may [NOT] be incurred or paid in connection with the  
27 operation of an activity under a permit issued under this chapter are  
28 [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, including  
4 those [; OR

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

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

9 (B) an operator [A CONSULTANT] hired by the permittee  
10 to conduct [MUNICIPALITY OR QUALIFIED ORGANIZATION CONDUCTING]  
11 the activity if [AND] the compensation is not related to the  
12 receipts from the activity.

13 \* Sec. 18. AS 05.15.160 is amended by adding a new subsection to read:

14 (b) Municipalities, qualified organizations, and operators shall  
15 pay their employees the prevailing wage for the work performed while  
16 the employees are engaged in activities subject to this chapter.

17 \* Sec. 19. AS 05.15 is amended by adding new sections to read:

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

20 (b) If the department finds that an operator has incurred ex-  
21 penses that are not authorized under AS 05.15.160, the department  
22 shall order the operator to refund to the authorizing permittee the  
23 amount of the unauthorized expenses. The operator shall pay the  
24 authorizing permittee interest on the amount ordered to be paid at the  
25 rate of 1.5 percent a month for each month or fraction of a month  
26 between the date of the activity and the date the refund is made.

27 (c) The operator shall post in a public place on the premises  
28 where the activities are conducted the operator's permit and a copy of  
29 the permit of each authorizing permittee with whom the operator has a

1 contract to conduct activities at the location.

2 (d) An operator shall obtain liability insurance covering each  
3 location where the licensee conducts an activity subject to this chap-  
4 ter. The operator shall provide upon request proof of insurance for  
5 each location to the department. The operator and the insurer shall  
6 inform the department of changes in the coverage of the insurance or  
7 of cancellation of the insurance. Cancellation of the insurance  
8 immediately suspends the rights of the operator to conduct activities  
9 under this chapter at the location covered by the insurance until  
10 subsequent insurance is obtained.

11 (e) An operator shall have its financial records reviewed an-  
12 nually by a certified public accountant. The operator shall submit  
13 the results of the review to the department by February 28 of the year  
14 following the year for which the review is conducted.

15 (f) An operator may not

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

18 (2) extend credit to players;

19 (3) employ house players;

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

23 Sec. 05.15.167. OPERATOR'S BOND. (a) The bond or security  
24 filed under AS 05.15.122(b) must be made payable to the department and  
25 must be conditioned upon payment of the amounts due to the department  
26 and payment of net proceeds due to the authorizing permittee. If the  
27 operator fails to make the required payments, the operator forfeits  
28 the bond or security to the department.

29 (b) The amount forfeited under (a) of this section shall be

1 first used to satisfy delinquent fees, interest, and penalties due the  
2 department under this chapter. If the bond or security is not ex-  
3 hausted by payment of delinquent fees, interest, and penalties, the  
4 department may use the remaining amount to pay net proceeds due an  
5 authorizing permittee. The total amount available for payment of net  
6 proceeds shall be prorated among the permittees to whom proceeds are  
7 due from that operator.

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

10 \* Sec. 20. AS 05.15.180(b) is amended to read:

11 (b) With the exception of raffles, lotteries, bingo games,  
12 pull-tab games, rain classics, goose classics, mercury classics,  
13 salmon classics, and other activities authorized under AS 05.15.-  
14 100(b), an activity may not be licensed under this chapter unless it  
15 existed in the state in substantially the same form and was conducted  
16 in substantially the same manner before January 1, 1959.

17 \* Sec. 21. AS 05.15.180 is amended by adding new subsections to read:

18 (d) The total value of door prizes offered or awarded under  
19 authority of a permit issued to a municipality or qualified orga-  
20 nization under this chapter may not exceed \$1,000 a month or \$12,000 a  
21 year.

22 (e) A person under the age of 19 years may not play a bingo  
23 game.

24 \* Sec. 22. AS 05.15 is amended by adding new sections to read:

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

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

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

5           (d) A pull-tab manufacturer may distribute pull-tabs only to a  
6 licensed pull-tab distributor unless the pull-tab manufacturer is also  
7 a licensed pull-tab distributor.

8           (e) Each pull-tab manufacturer shall report to the department by  
9 the last business day of the month on each series of pull-tabs dis-  
10 tributed during the preceding month, including the serial number of  
11 each series distributed and the name of the distributor to whom the  
12 series was distributed.

13           Sec. 05.15.183. PULL-TAB DISTRIBUTOR'S LICENSE; PULL-TAB TAX.

14           (a) A person may not distribute pull-tab games unless the person has  
15 received a pull-tab distributor's license issued by the department.

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

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

21           (d) A pull-tab distributor shall report to the department by the  
22 last business day of each month on each pull-tab series distributed in  
23 the preceding month. The report must include the name of the permit-  
24 tee to whom each series of pull-tabs is distributed and the serial  
25 number of each series.

26           (e) A pull-tab distributor shall collect a tax of three percent  
27 of an amount equal to the gross receipts less prizes awarded on each  
28 series of pull-tabs distributed. The pull-tab distributor shall pay  
29 to the department the tax collected in the preceding month at the time

1 that the report under (d) of this section is filed with the depart-  
2 ment.

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

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

13 (b) A municipality or a qualified organization may award up to  
14 \$500,000 in prizes each year if it uses only employees of the munic-  
15 ipality or members of the qualified organization to operate the pull-  
16 tab game. However, a municipality or qualified organization may award  
17 more than \$500,000 in prizes if the municipality or qualified orga-  
18 nization pays a fee of one percent of the amount awarded in prizes  
19 after exceeding \$500,000 in prizes. The municipality or qualified  
20 organization shall pay the fee on awards of prizes exceeding \$500,000  
21 with its annual report to the department.

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

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

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

29 (f) A pull-tab series may not be withdrawn from sale until all

1 pull-tabs in the series are sold.

2 (g) Pull-tabs may not be sold to a person under the age of 19  
3 years. A person under the age of 19 years may not purchase a pull-  
4 tab.

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

12 \* Sec. 23. AS 05.15.210(2) is amended to read:

13 (2) "charitable organization" means an organization, not  
14 for pecuniary profit, that is operated for the relief of poverty,  
15 distress, or other condition of public concern in the state[, AND THAT  
16 HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER  
17 THIS CHAPTER];

18 \* Sec. 24. AS 05.15.210(3) is amended to read:

19 (3) "civic or service organization" means any branch or  
20 lodge or chapter of a national or state organization that is a civic  
21 or service organization, not for pecuniary profit, and authorized by  
22 its written constitution, charter, or articles of incorporation, or  
23 bylaws to engage in a fraternal, civic, or service purpose in the  
24 state [AND THAT HAS BEEN SO ENGAGED FOR FIVE YEARS BEFORE APPLYING FOR  
25 A LICENSE UNDER THIS CHAPTER];

26 \* Sec. 25. AS 05.15.210(5) is amended to read:

27 (5) "dog mushers' association" means a civic, service, or  
28 charitable organization in the state, not for pecuniary profit, formed  
29 exclusively to promote interest in the breeding and training of dog

1 teams for work or recreational and racing purposes [AND WHICH HAS BEEN  
2 IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A PERMIT UNDER THIS  
3 CHAPTER], but does not include an organization formed or operated for  
4 gaming or gambling purposes;

5 \* Sec. 26. AS 05.15.210(7) is amended to read:

6 (7) "educational organization" means a civic, service, or  
7 charitable organization in the state, not for pecuniary profit, whose  
8 primary purpose is educational in nature and designed to develop the  
9 capabilities of individuals by instruction [AND WHICH HAS BEEN IN  
10 EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE UNDER THIS  
11 CHAPTER];

12 \* Sec. 27. AS 05.15.210(8) is amended to read:

13 (8) "fishing-derby association" means a civic, service, or  
14 charitable organization in the state, not for pecuniary profit, whose  
15 primary purpose is to promote interest in fishing for recreational  
16 purposes [AND WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLY-  
17 ING FOR A PERMIT UNDER THIS CHAPTER], but does not include an orga-  
18 nization formed or operated for gaming or gambling purposes;

19 \* Sec. 28. AS 05.15.210(10) is amended to read:

20 (10) "fraternal organization" means a civic, service, or  
21 charitable organization in the state, except a college and high school  
22 fraternity, not for pecuniary profit, that is a branch or lodge or  
23 chapter, of a national or state organization and exists for the common  
24 business, brotherhood, or other interest of its members [AND THAT HAS  
25 SO EXISTED FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE];

26 \* Sec. 29. 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(b), the expenses  
29 authorized by AS 05.15.160, and the prizes awarded at the activity;

1 \* Sec. 30. AS 05.15.210(19) is amended to read:

2 (19) "police or fire department and company" means a civic,  
3 service, or charitable organization in the state, not for pecuniary  
4 profit, consisting of members of a police department or fire company  
5 established by the state or a political subdivision of the state [THAT  
6 HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A LICENSE  
7 UNDER THIS CHAPTER];

8 \* Sec. 31. AS 05.15.210(21) is amended to read:

9 (21) "qualified organization" means a bona fide civic or  
10 service organization or a bona fide religious, charitable, fraternal,  
11 labor, political, or educational organization, police or fire depart-  
12 ment and company, dog mushers' association, outboard motor associa-  
13 tion, or fishing derby [FISHING-DERBY] or nonprofit trade association  
14 in the state, that operates without profits to its members and that  
15 has been in existence continually for a period of three [FIVE] years  
16 immediately before applying for a license; the organization may be a  
17 firm, corporation, company, association, or partnership;

18 \* Sec. 32. AS 05.15.210(22) is repealed and reenacted to read:

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

22 \* Sec. 33. AS 05.15.210(24) is amended to read:

23 (24) "religious organization" means an organization, church,  
24 body of communicants, or group, not for pecuniary profit, gathered in  
25 common membership for mutual support and edification in piety, wor-  
26 ship, and religious observances, or a society, not for pecuniary  
27 profit, of individuals united for religious purposes at a definite  
28 place and that [HAS BEEN SO GATHERED OR UNITED FOR FIVE YEARS BEFORE  
29 APPLYING FOR A LICENSE AND] is recognized as a religious organization

1 under the federal income tax laws and the selective service law;

2 \* Sec. 34. AS 05.15.210(26) is amended to read:

3 (26) "veterans organization" means a civic, service, or  
4 charitable organization in the state, or a branch or lodge or chapter  
5 of a national or state organization in the state, not for pecuniary  
6 profit, the membership of which consists of individuals who were  
7 members of the armed services or forces of the United States, [AND  
8 WHICH HAS BEEN IN EXISTENCE FOR FIVE YEARS BEFORE APPLYING FOR A  
9 LICENSE UNDER THIS CHAPTER].

10 \* Sec. 35. AS 05.15.210 is amended by adding new paragraphs to read:

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

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

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

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

19 (31) "distribute" means sell, distribute, furnish, or sup-  
20 ply;

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

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

29 (34) "series" means a unit of pull-tabs with the same serial

1        number.

2        \* Sec. 36. AS 05.15 is amended by adding a new section to read:

3                Sec. 05.15.995. SHORT TITLE. This chapter may be cited as the  
4        Alaska Gaming Reform Act.