

**HOUSE BILL NO. 168**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVE CHOQUETTE**

**Introduced: 2/25/91**

**Referred: Labor and Commerce, Judiciary, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act licensing and regulating pull-tab vendors; authorizing sales of pull-tabs between  
2 pull-tab distributors; requiring the giving of notice if a charitable gaming activity location  
3 changes; amending the powers of the Department of Commerce and Economic Development  
4 to revoke and suspend charitable gaming permits and licenses; restricting the ability of  
5 owners, managers, or employees of vendors and persons holding charitable gaming permits  
6 or licenses to purchase certain pull-tabs; authorizing the Department of Commerce and  
7 Economic Development to prohibit violations of the charitable gaming laws; relating to false  
8 statements in charitable gaming license and permit applications; relating to maximum  
9 annual prize awards; relating to the collection of the pull-tab tax; and providing for an  
10 effective date."

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

12 \* Section 1. AS 05.15.030(c) is amended to read:

1 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for  
2 which a permit has been issued, the permittee shall notify the department and the local  
3 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

4 \* Sec. 2. AS 05.15.060 is amended to read:

5 Sec. 05.15.060. REGULATIONS. The department shall adopt regulations under the  
6 Administrative Procedure Act (AS 44.62) necessary to carry out this chapter covering, but not  
7 limited to,

8 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor  
9 endorsements;

10 (2) a method of ascertaining net proceeds, the determination of items of expense  
11 that may be incurred or paid, and the limitation of the amount of the items of expense to prevent  
12 the proceeds from the activity permitted from being diverted to noncharitable, noneducational,  
13 nonreligious, or profit-making organizations, individuals, or groups;

14 (3) the immediate revocation of permits, [AND] licenses, and vendor  
15 endorsements authorized under this chapter if this chapter or regulations adopted under it are  
16 violated;

17 (4) the requiring of detailed, sworn, financial reports of operations from  
18 permittees, [AND] licensees, and vendors including detailed statements of receipts and  
19 payments;

20 (5) the investigation of permittees, licensees, vendors, and their employees,  
21 including the fingerprinting of those permittees, licensees, vendors, and employees whom the  
22 commissioner considers it advisable to fingerprint;

23 (6) exclusion from participation as a permittee, licensee, vendor, or employee of  
24 a permittee, [OR] licensee, or vendor, of a person convicted of, in prison for, or on parole for  
25 a felony within the preceding five years, or convicted of a crime involving theft or dishonesty  
26 or of a violation of a municipal, state, or federal gambling law;

27 (7) the method and manner of conducting authorized activities and awarding of  
28 prizes or awards, and the equipment that may be used;

29 (8) the number of activities that may be held, operated, or conducted under a  
30 permit during a specified period; however, the department may not allow more than 14 bingo  
31 sessions a month and 35 bingo games a session to be conducted under a permit;

1 (9) a method of accounting for receipts and disbursements by operators and  
2 vendors, including the keeping of records and requirements for the deposit of all receipts in a  
3 bank;

4 (10) the disposition of funds in possession of a permittee, [OR] a person,  
5 municipality, or qualified organization that possesses an operator's license, or a vendor at the  
6 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily  
7 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

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

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

12 \* Sec. 3. AS 05.15.070 is amended to read:

13 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commissioner may  
14 examine or have examined the books and records of a permittee, an operator, a vendor, or a  
15 person licensed to manufacture or to distribute pull-tab games in the state. The commissioner may  
16 issue subpoenas for the attendance of witnesses and the production of books, records, and other  
17 documents.

18 \* Sec. 4. AS 05.15.095(b) is amended to read:

19 (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter  
20 during a period in which a report or fee is delinquent.

21 \* Sec. 5. AS 05.15.124 is amended to read:

22 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may  
23 by ordinance prohibit an operator or a vendor from conducting activities under this chapter  
24 within the municipality.

25 \* Sec. 6. AS 05.15.170 is repealed and reenacted to read:

26 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR  
27 VENDOR ENDORSEMENT. (a) The commission may suspend or revoke a permit, license, or  
28 vendor endorsement, after giving notice to and an opportunity to be heard by the permittee,  
29 licensee, or vendor, if the permittee, licensee, or vendor

30 (1) violates or fails to comply with a requirement of this chapter or of a regulation  
31 adopted under this chapter;

- 1 (2) breaches a contractual agreement with a permittee, licensee, or vendor;
- 2 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a  
3 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a  
4 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or  
5 manager of the permittee, licensee, or vendor is convicted; or
- 6 (4) knowingly submits false information to the department or, in the case of a  
7 vendor, to a permittee or operator when the vendor knows that the false information will be  
8 submitted to the department as part of an application for a vendor endorsement.
- 9 (b) If the department revokes a permit, license, or vendor endorsement under this section,  
10 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor  
11 endorsement for a period of up to five years.
- 12 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

13 \* Sec. 7. AS 05.15.180(g) is amended to read:

14 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in  
15 prizes each year in activities authorized under this chapter [; HOWEVER, IF A MUNICIPALITY  
16 OR A QUALIFIED ORGANIZATION CONTRACTS WITH AN OPERATOR TO CONDUCT  
17 ON ITS BEHALF ACTIVITIES AUTHORIZED UNDER THIS CHAPTER, THE  
18 MUNICIPALITY OR QUALIFIED ORGANIZATION MAY AWARD A MAXIMUM OF  
19 \$500,000 IN PRIZES EACH YEAR]. In this subsection "activities authorized under this chapter"  
20 means all activities subject to this chapter other than bingo.

21 \* Sec. 8. AS 05.15.184 is amended to read:

22 Sec. 05.15.184. PULL-TAB TAX. At the time of the distribution of a pull-tab series  
23 to a permittee, an operator, or another distributor, a [A] pull-tab distributor shall collect a  
24 tax of three percent of the ideal net for [AN AMOUNT EQUAL TO THE GROSS RECEIPTS  
25 LESS PRIZES AWARDED ON] each series of pull-tabs distributed. The pull-tab distributor shall  
26 pay to the department the tax collected in the preceding month at the time that the report under  
27 AS 05.15.183(d) is filed with the department.

28 \* Sec. 9. AS 05.15.185 is amended to read:

29 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs  
30 distributed in the state must be sealed and have a serial number label issued by the National  
31 Association of Fundraising Ticket Manufacturers or other serial number label approved by the

1 department and may be distributed only to a municipality or a qualified organization that has  
2 obtained a permit issued under this chapter, [OR] to an operator on behalf of an authorizing  
3 permittee, or to a distributor licensed under this chapter.

4 \* Sec. 10. AS 05.15.183 is amended by adding a new subsection to read:

5 (e) A distributor may not

6 (1) take an order for the purchase of a pull-tab series from a vendor;

7 (2) sell a pull-tab series to a vendor; or

8 (3) deliver a pull-tab series to a vendor location.

9 \* Sec. 11. AS 05.15.187 is amended by adding a new subsection to read:

10 (h) An owner, manager, or employee of a person holding a permit or license under this  
11 chapter, or registered under this chapter as a vendor, may not purchase a pull-tab from any pull-  
12 tab series manufactured, distributed, or sold by the permittee, licensee, or vendor.

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

14 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES  
15 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract  
16 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator  
17 first applies for a vendor endorsement from the department on a form prescribed by the  
18 department and submits an endorsement fee of \$50 for each location at which the vendor intends  
19 to sell pull-tabs. If a vendor location is within the boundaries of a municipality, the permittee  
20 or operator shall, concurrently with applying for a vendor endorsement with the department,  
21 submit a copy of the application form to the governing body of the municipality.

22 (b) The department shall approve or disapprove an application for a vendor endorsement  
23 within 30 working days of receipt of the application from a permittee or operator.

24 (c) Upon approval of the vendor application, the department shall issue an endorsement  
25 to the permittee's permit or the operator's license that authorizes the conduct of pull-tab sales at  
26 that vendor location.

27 (d) The endorsement issued under (c) of this section is an extension of the permittee's  
28 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a  
29 pull-tab series until the endorsement for the new vendor location and a copy of the permit or  
30 license have been posted by the permittee or operator in the vendor location for which the  
31 endorsement was issued. The endorsement and the permit or license must be clearly visible to

1 the gaming public.

2 (e) A separate endorsement shall be issued for each vendor location. The permittee or  
3 operator shall inform the department when a vendor with whom the permittee or operator is  
4 contracting changes the physical location at which pull-tabs are sold, and shall apply for and  
5 obtain another endorsement before the vendor may sell pull-tabs on behalf of the permittee or  
6 operator at the new vendor location. A permittee or operator shall return to the department the  
7 endorsed permit or license of a vendor that is no longer selling pull-tabs on behalf of the  
8 permittee or operator. Failure to inform the department of a change in vendor location, or to  
9 return a permit or license to the department that contains the endorsement of a vendor that is no  
10 longer selling pull-tabs on behalf of the permittee or operator, constitutes grounds for the  
11 suspension or revocation of a permittee's permit or an operator's license under AS 05.15.170.

12 (f) At the time that a permittee or operator annually renews its permit or license, it shall  
13 also renew the endorsement for each location of each vendor that is selling pull-tabs on the  
14 permittee's or operator's behalf. The permittee or operator shall pay a registration fee of \$50 for  
15 each vendor location.

16 (g) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter  
17 into a written contract with that vendor. The department may inspect this contract. If the  
18 contract contains provisions that violate this chapter or the regulations adopted under it, the  
19 department may declare the contract void and may suspend or revoke the vendor endorsement  
20 and the license of the operator or the permit of the permittee.

21 (h) A person, other than a permittee's member-in-charge or an operator, may not  
22 distribute or deliver a pull-tab series to a vendor for sale by that vendor on behalf of the  
23 permittee or operator. A vendor may not acquire a pull-tab series from a pull-tab distributor.

24 (i) If a permittee or operator contracts with a vendor under (a) of this section, the  
25 contract must provide that the permittee or operator shall receive no less than 60 percent of the  
26 ideal net.

27 (j) An amount equal to the ideal net less the compensation paid to the vendor shall be  
28 paid by the vendor to the permittee or operator at the time that the member in charge or operator  
29 delivers a pull-tab series to the vendor for sale. The amount required to be paid by the vendor  
30 under this subsection shall be paid by check and shall be deposited by the permittee or operator  
31 directly into its gaming checking account.

1 (k) A permittee, operator, or vendor may not enter into a contract for the sale of pull-tabs  
2 for compensation if the permittee is a municipality, and the owner or manager of the vendor is  
3 an elected official of the municipality or is employed by the municipality in a managerial  
4 position.

5 (l) A permittee or operator may contract with more than one vendor under this section,  
6 and a vendor may contract with more than one permittee or operator.

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

8 Sec. 05.15.195. ORDER PROHIBITING ACTION IN VIOLATION OF CHAPTER. (a)  
9 If the commissioner determines that a person has engaged in an act or practice in violation of this  
10 chapter or a regulation adopted under this chapter, the commissioner may, after giving reasonable  
11 notice to the person and an opportunity for the person to be heard, issue an order prohibiting the  
12 violation by the person. The order remains in effect until the person has submitted evidence  
13 acceptable to the commissioner showing that the violation has been corrected.

14 (b) If the public interest requires, the commissioner may issue an emergency order  
15 prohibiting an act or practice in violation of this chapter or a regulation adopted under this  
16 chapter without notice to or an opportunity to be heard by the person affected by the order. The  
17 commissioner shall immediately serve the person with a copy of the emergency order. An  
18 emergency order expires 60 days after the date it is issued, if the person affected by the order  
19 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing  
20 within 15 days of receipt of the emergency order, the order becomes permanent. Following a  
21 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

22 (c) A party aggrieved by an order under this section may appeal to the superior court.

23 \* Sec. 14. AS 05.15.200(b) is amended to read:

24 (b) A person who, with the intent to mislead a public servant in the performance of the  
25 public servant's duty, submits a false statement in an application for a permit, license, or vendor  
26 endorsement under this chapter [,] is guilty of unsworn falsification.

27 \* Sec. 15. AS 05.15.210 is amended by adding new paragraphs to read:

28 (35) "ideal net" means an amount equal to the total amount of receipts that would  
29 be received if every individual pull-tab ticket in a series were sold at face value, less the prizes  
30 to be awarded for that series;

31 (36) "permittee" means a municipality or a qualified organization that holds a

1 valid permit under AS 05.15.100;

2 (37) "vendor" means a business whose primary activity is not regulated by this  
3 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a  
4 business license under AS 43.70, and is

5 (A) a retail establishment;

6 (B) an eating establishment; or

7 (C) an establishment licensed under AS 04.11.

8 \* Sec. 16. This Act takes effect immediately under AS 01.10.070(c).