

**CS FOR HOUSE BILL NO. 168 (JUDICIARY)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE HOUSE JUDICIARY COMMITTEE

**Offered: 5/21/91
Referred: Finance**

Sponsor(s): REPRESENTATIVES CHOQUETTE, Zawacki

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to charitable gaming; extending from 5 to 30 years the period during
2 which a person is prohibited from participating in certain charitable gaming activities
3 following certain felony convictions or following release from prison or parole for certain
4 felony convictions, and from 5 to 15 years following other felony convictions or following
5 release from imprisonment or parole for other felony convictions; and providing for an
6 effective date."

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

8 * Section 1. AS 05.15.020(a) is amended to read:

9 (a) A municipality or qualified organization may conduct an activity permitted under this
10 chapter, if the municipality or qualified organization pays the appropriate permit fee and receives
11 an annual permit issued by the department. The annual permit fee is

- 12 (1) \$20 for an applicant that did not hold a permit during the preceding year;
13 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from

- 1 activities conducted under this chapter during the preceding year;
- 2 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not
- 3 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or
- 4 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from
- 5 activities conducted under this chapter during the preceding year.
- 6 * Sec. 2. AS 05.15.020(a) is repealed and reenacted to read:
- 7 (a) A municipality or qualified organization may conduct an activity permitted under this
- 8 chapter, if the municipality or qualified organization
- 9 (1) applies for a permit, pays the appropriate permit fee, and receives an annual
- 10 permit issued by the department; and
- 11 (2) designates a member in charge and at least one alternate member in charge
- 12 under AS 05.15.112 who have passed the examination required by AS 05.15.112.
- 13 * Sec. 3. AS 05.15.020 is amended by adding a new subsection to read:
- 14 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee
- 15 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if
- 16 the applicant were applying for an individual permit.
- 17 * Sec. 4. AS 05.15.020(c) is repealed and reenacted to read:
- 18 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee
- 19 of \$100, in addition to the fee that the applicant would have to pay under (d) of this section if
- 20 the applicant were applying for an individual permit.
- 21 * Sec. 5. AS 05.15.020 is amended by adding a new subsection to read:
- 22 (d) The annual permit fee under (a) of this section is
- 23 (1) \$20 for an applicant that did not hold a permit during the preceding year;
- 24 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
- 25 activities conducted under this chapter during the preceding year;
- 26 (3) \$100 for an applicant that had gross receipts of \$20,000 or more but not
- 27 exceeding \$100,000 from activities conducted under this chapter during the preceding year;
- 28 (4) \$250 for an applicant that had gross receipts exceeding \$100,000 from
- 29 activities conducted under this chapter during the preceding year or that is one of the applicants
- 30 for a multiple-beneficiary permit under AS 05.15.100(d).
- 31 * Sec. 6. 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. 7. AS 05.15 is amended by adding a new section to read:

5 Sec. 05.15.035. PERSONS PROHIBITED FROM PARTICIPATING IN THE
6 OPERATION OF CHARITABLE GAMING ACTIVITIES. (a) A person described in (b) of this
7 section may not

- 8 (1) be issued an operator's license under AS 05.15.122;
9 (2) be issued a manufacturer's license under AS 05.15.181;
10 (3) be issued a distributor's license under AS 05.15.183;
11 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

12 or

13 (5) perform personal services for a permittee or licensee under this chapter in a
14 managerial or supervisory capacity, whether the person is an employee of the permittee or
15 licensee or whether the person is engaged by the permittee or licensee as an independent
16 contractor.

17 (b) A person may not be issued a license or engage in conduct described in (a) of this
18 section if the person

19 (1) has, within the preceding 30 years, been convicted of, in prison for, or on
20 parole for a felony that

21 (A) is an unclassified or class A felony under the laws of this state; or

22 (B) if the felony conviction arose under the laws of another jurisdiction
23 or arose under the laws of this state before January 1, 1980, resulted from conduct that
24 would be punishable as an unclassified or class A felony under the laws of this state;

25 (2) has, within the preceding 15 years, been convicted of, in prison for, or on
26 parole for a felony, other than a felony described in (1) of this subsection;

27 (3) has been convicted at any time of a crime involving theft or dishonesty; or

28 (4) has been convicted at any time of a violation of a municipal, state, or federal
29 gambling law.

30 * Sec. 8. AS 05.15.060 is amended to read:

31 Sec. 05.15.060. REGULATIONS. The department shall adopt regulations under the

- 1 Administrative Procedure Act (AS 44.62) necessary to carry out this chapter covering, but not
2 limited to,
- 3 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor
4 endorsements;
- 5 (2) a method of ascertaining net proceeds, the determination of items of expense
6 that may be incurred or paid, and the limitation of the amount of the items of expense to prevent
7 the proceeds from the activity permitted from being diverted to noncharitable, noneducational,
8 nonreligious, or profit-making organizations, individuals, or groups;
- 9 (3) the immediate revocation of permits, [AND] licenses, and vendor
10 endorsements authorized under this chapter if this chapter or regulations adopted under it are
11 violated;
- 12 (4) the requiring of detailed, sworn, financial reports of operations from
13 permittees, [AND] licensees, and vendors including detailed statements of receipts and
14 payments;
- 15 (5) the investigation of permittees, licensees, vendors, and their employees,
16 including the fingerprinting of those permittees, licensees, vendors, and employees whom the
17 commissioner considers it advisable to fingerprint;
- 18 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
19 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
20 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
21 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
22 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;
- 23 (7)] the method and manner of conducting authorized activities and awarding of
24 prizes or awards, and the equipment that may be used;
- 25 (7) [(8)] the number of activities that may be held, operated, or conducted under
26 a permit during a specified period; however, the department may not allow more than 14 bingo
27 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
28 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the
29 number of sessions and games a month equal to the number allowed an individual permittee
30 per month multiplied by the number of holders of the multiple-beneficiary permit;
- 31 (8) [(9)] a method of accounting for receipts and disbursements by operators and

1 **vendors, including the keeping of records and requirements for the deposit of all receipts in a**
2 **bank;**

3 **(9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,**
4 **municipality, or qualified organization that possesses an operator's license, or a vendor at the**
5 **time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily**
6 **surrendered, not renewed, suspended, revoked, or otherwise invalidated;**

7 **(10) [(11)] restrictions on the participation by employees of the Department of**
8 **Fish and Game in salmon classics;**

9 **(11) [(12)] other matters the commissioner considers necessary to carry out this**
10 **chapter or protect the best interest of the public.**

11 *** Sec. 9. AS 05.15.060 is amended by adding a new subsection to read:**

12 (b) Regulations adopted by the department under this section relating to charitable
13 gaming activity involving pull-tabs must be consistent with the standards on pull-tabs of the
14 North American Gaming Regulators Association.

15 *** Sec. 10. AS 05.15.070 is amended to read:**

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

21 *** Sec. 11. AS 05.15.095(a) is amended to read:**

22 (a) The applications and reports to the department required by this chapter shall be signed
23 under penalty of unsworn falsification by the following person, as applicable:

- 24 (1) the member in charge for the qualified organization;
25 (2) a person authorized to sign on behalf of the municipality;
26 (3) the operator or the operator's agent;
27 (4) the licensed pull-tab distributor or the distributor's agent; [OR]
28 (5) the licensed pull-tab manufacturer or the manufacturer's agent; or
29 **(6) the owner of a vendor or the owner's agent.**

30 *** Sec. 12. AS 05.15.095(b) is amended to read:**

31 (b) A permittee, [OR] operator, or vendor may not conduct an activity under this chapter

1 during a period in which a report or fee is delinquent.

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

3 (d) The commissioner may issue a multiple-beneficiary permit to two to six
4 municipalities or qualified organizations or to a combination of two to six municipalities and
5 qualified organizations that apply jointly for the permit. The permit gives the permit holders the
6 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the
7 restrictions set out in (b) of this section.

8 (e) The department shall revoke the permit of a permittee, including a multiple-
9 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least
10 15 percent of the gross income derived from activities under this chapter.

11 * Sec. 14. AS 05.15.112(a) is amended to read:

12 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit
13 under this chapter shall designate a member in charge. Municipalities and qualified
14 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall
15 establish a board consisting of one member from each municipality and qualified
16 organization, and the board shall designate one of its members as the member in charge for
17 the multiple-beneficiary permittee.

18 * Sec. 15. AS 05.15.112(a) is repealed and reenacted to read:

19 (a) Each municipality or qualified organization that applies for a permit under this
20 chapter shall designate a member in charge and at least one alternate member in charge.
21 Municipalities and qualified organizations that jointly apply for a multiple-beneficiary permit
22 under AS 05.15.145 shall establish a board consisting of one member from each municipality and
23 qualified organization, and the board shall designate one of its members as the member in charge
24 for the multiple-beneficiary permittee and at least one other of its members as an alternate
25 member in charge. The member in charge and alternate members in charge designated under this
26 section, and the members of the boards for multiple-beneficiary permittees, must have passed a
27 test formulated by the department on the contents of this chapter and the regulations adopted
28 under this chapter. The department shall administer the test at least four times a year and shall
29 arrange that persons in remote locations be able to take the test in those locations.

30 * Sec. 16. AS 05.15.112(b) is amended to read:

31 (b) The member in charge is responsible for preparation, maintenance, and transmittal

1 of all records and reports required of the permittee and, if the permittee has entered into a
2 contract with an operator under AS 05.15.115, for monitoring the operator's performance
3 under and compliance with that contract. The member in charge shall be a member of the
4 qualified organization or the board of directors of the qualified organization or an employee of
5 the municipality. In the case of a multiple-beneficiary permit, the member in charge shall
6 be a member of one of the qualified organizations or the board of directors of one of the
7 qualified organizations or an employee of one of the municipalities.

8 * Sec. 17. AS 05.15.112(b) is repealed and reenacted to read:

9 (b) The member in charge is responsible for preparation, maintenance, and transmittal
10 of all records and reports required of the permittee and, if the permittee has entered into a
11 contract with an operator under AS 05.15.115, for monitoring the operator's performance under
12 and compliance with that contract. The alternate members in charge are responsible for the
13 duties of the member in charge in the absence of the member in charge. The member in charge
14 and the alternate members in charge shall be members of the qualified organization or the board
15 of directors of the qualified organization or employees of the municipality. In the case of a
16 multiple-beneficiary permit, the member in charge and the alternate members in charge shall be
17 members of one or more of the qualified organizations or the board of directors of one or more
18 of the qualified organizations or employees of one or more of the municipalities.

19 * Sec. 18. AS 05.15.112(d) is amended to read:

20 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary
21 permit, shall designate 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. 19. AS 05.15.112 is amended by adding a new subsection to read:

24 (e) If a permittee's designated member in charge or sole alternate member in charge
25 resigns or is no longer able to serve as member in charge or alternate member in charge, the
26 permittee has six months to replace the member in charge or alternate member in charge with
27 a person who meets the requirements of this section, and to notify the department of the
28 replacement. If after six months the permittee has not replaced the member in charge or alternate
29 member in charge with a person who meets the requirements of this section, or has not notified
30 the department of the replacement, the permittee's permit is suspended until the requirements of
31 this subsection are met. In this subsection, "permittee" includes a multiple-beneficiary permittee.

1 * Sec. 20. AS 05.15.122(b) is amended to read:

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

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

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

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

8 (4) submits proof of liability insurance satisfactory to the department; [AND]

9 (5) posts a bond or security satisfactory to the department in the amount of
10 \$25,000 for each permit under which the operator operates up to a maximum of \$100,000; and

11 (6) if a natural person, has passed a test formulated by the department on
12 the contents of this chapter and the regulations adopted under this chapter and
13 administered by the department at least four times a year; or, if a municipality or qualified
14 organization, has designated a municipal employee or member of the organization who has
15 passed this test.

16 * Sec. 21. AS 05.15.124 is amended to read:

17 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A municipality may
18 by ordinance prohibit all operators or all vendors, or both, [AN OPERATOR] from conducting
19 activities under this chapter within the municipality.

20 * Sec. 22. AS 05.15.128(a) is amended to read:

21 (a) The department shall revoke the license of an operator who does not

22 [(1)] report an adjusted gross income of at least 15 percent of gross income each
23 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator
24 [; OR

25 (2) PAY TO EACH AUTHORIZING PERMITTEE FOR TWO CONSECUTIVE
26 QUARTERS AT LEAST 15 PERCENT OF THE ADJUSTED GROSS INCOME, AS
27 DETERMINED UNDER (1) OF THIS SUBSECTION, RECEIVED FROM ACTIVITIES
28 CONDUCTED ON BEHALF OF THE AUTHORIZING PERMITTEE].

29 * Sec. 23. AS 05.15.128 is amended by adding new subsections to read:

30 (c) The department shall revoke the license of an operator who does not pay to each
31 authorizing permittee each quarter at least

1 (1) 20 percent of the adjusted gross income received from bingo activities and 35
2 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the
3 authorizing permittee, if the operator's primary method of conducting activities on behalf of the
4 permittee is through a bingo hall;

5 (2) 50 percent of the adjusted gross income received from all activities conducted
6 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
7 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose
8 is the sale of pull-tabs; or

9 (3) 50 percent of the adjusted gross income received from all activities conducted
10 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
11 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another
12 means other than those described in (1) or (2) of this subsection.

13 (d) Within the time specified under AS 05.15.083(a), each operator shall submit to the
14 department documentation adequate to allow the department to ascertain whether the operator has
15 complied with the requirements of (a) and (c) of this section. If an operator conducts activities
16 through a bingo hall, the documentation must be sufficient to enable the department to ascertain
17 whether the operator has complied with (c)(1) of this section for each activity conducted by the
18 operator. If an operator has not submitted adequate documentation within the required time, the
19 department shall suspend the operator's license until the operator has submitted the necessary
20 documentation.

21 * Sec. 24. AS 05.15.140(b) is amended to read:

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

25 (1) has been convicted of, in prison for, or on parole for a felony within the
26 preceding 30 years for a felony described in AS 05.15.035(b)(1), or within the preceding 15
27 [FIVE] years for a felony described in AS 05.15.035(b)(2), or has been convicted of a crime
28 involving theft or dishonesty or of a violation of a municipal, state, or federal gambling law; or

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

31 * Sec. 25. AS 05.15.140(c) is amended to read:

1 (c) The commissioner may not issue a permit for an activity operated by a person who
2 has been convicted of, in prison for, or on parole for a felony within the preceding 30 years for
3 a felony described in AS 05.15.035(b)(1), or within the preceding 15 [FIVE] years for a
4 felony described in AS 05.15.035(b)(2), or has been convicted of a crime involving theft or
5 dishonesty or of a violation of a municipal, state, or federal gambling law.

6 * Sec. 26. AS 05.15 is amended by adding a new section to read:

7 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
8 or qualified organizations, or a combination of two to six municipalities and qualified
9 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
10 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
11 applicant is a municipality or qualified organization, the activity may be permitted under this
12 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
13 request of the commissioner, the joint applicants shall prove conclusively each of these
14 requirements before a permit may be issued or renewed.

15 (b) The provisions of AS 05.15.140(b) - (d) apply to multiple-beneficiary permits and
16 applications for them.

17 (c) A municipality or qualified organization that is among the holders of a multiple-
18 beneficiary permit may not hold another permit under this chapter.

19 (d) A municipality or qualified organization that is among the holders of a multiple-
20 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
21 to the department and to the other holders of the permit. The effective date of the withdrawal
22 is 30 days after the department receives written notice of intent. A municipality or qualified
23 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
24 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary
25 permit and the prizes it awards under its own permit are subject to the maximums established in
26 AS 05.15.180(g).

27 (e) The holders of a multiple-beneficiary permit shall jointly file reports with the
28 department that comply with the reporting requirements imposed on operators under
29 AS 05.15.083.

30 (f) The department shall revoke a multiple-beneficiary permit if the permittee

31 (1) does not meet the requirements of AS 05.15.100(e);

1 (2) does not pay each quarter to each holder of the multiple-beneficiary permit
2 an equal share of the amount of the adjusted gross income remaining after expenses are deducted;
3 if a holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled
4 to a pro rata share based on the percentage of the quarter that the withdrawing entity was a
5 holder; or

6 (3) shows expenses that exceed

7 (A) 80 percent of the adjusted gross income received from bingo activities
8 and 65 percent of the adjusted gross income received from pull-tab activities, if the
9 permittee's primary method of conducting activities is through a bingo hall;

10 (B) 50 percent of the adjusted gross income received from all activities,
11 if the permittee's primary method of conducting activities is through the sale of pull-tabs
12 at a retail outlet whose primary purpose is the sale of pull-tabs; or

13 (C) 50 percent of the adjusted gross income received from all activities,
14 if the permittee's primary method of conducting activities is through the sale of pull-tabs
15 by contract with vendors or by another means other than those described in (A) or (B)
16 of this paragraph.

17 (g) No more than six municipalities, qualified organizations, or a combination of
18 municipalities and qualified organizations may be holders of a multiple-beneficiary permit during
19 the year for which the permit is issued.

20 * Sec. 27. AS 05.15.170 is repealed and reenacted to read:

21 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE, OR
22 VENDOR ENDORSEMENT. (a) The commissioner may suspend or revoke a permit, license,
23 or vendor endorsement, after giving notice to and an opportunity to be heard by the permittee,
24 licensee, or vendor, if the permittee, licensee, or vendor

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

27 (2) breaches a contractual agreement with a permittee, licensee, or vendor;

28 (3) is convicted of a felony, of a crime involving theft or dishonesty, or of a
29 violation of a municipal, state, or federal gambling law; for the purposes of this paragraph, a
30 permittee, licensee, or vendor that is not a natural person is considered convicted if an owner or
31 manager of the permittee, licensee, or vendor is convicted;

1 (4) knowingly submits false information to the department or, in the case of a
2 vendor, to a permittee or operator when the vendor knows that the false information will be
3 submitted to the department as part of an application for a vendor endorsement; or

4 (5) is required to collect a sales tax on charitable gaming activity under a
5 municipal ordinance and fails to collect that tax or to transmit the proceeds of the tax to the
6 municipality in the manner and in the time required by municipal law.

7 (b) If the department revokes a permit, license, or vendor endorsement under this section,
8 it may prohibit the permittee or licensee from reapplying for a permit, license, or vendor
9 endorsement for a period of up to five years.

10 (c) An aggrieved party may appeal the suspension or revocation to the superior court.

11 * Sec. 28. AS 05.15.180(b) is amended to read:

12 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
13 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized
14 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
15 state in substantially the same form and was conducted in substantially the same manner before
16 January 1, 1959.

17 * Sec. 29. AS 05.15.180(d) is amended to read:

18 (d) The total value of door prizes offered or awarded under authority of a permit issued
19 to a municipality or qualified organization under this chapter or under authority of a multiple-
20 beneficiary permit may not exceed \$10,000 [\$20,000] a month or \$120,000 [\$240,000] a year.

21 * Sec. 30. AS 05.15.180(e) is amended to read:

22 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
23 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
24 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or
25 \$120,000 [\$240,000] a year.

26 * Sec. 31. AS 05.15.180(g) is amended to read:

27 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in
28 prizes each year in activities authorized under this chapter; however, if a municipality or a
29 qualified organization contracts with an operator to conduct on its behalf activities authorized
30 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
31 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may

1 **award a maximum in prizes each calendar year of \$1,000,000 times the number of holders**
2 **of the permit for activities authorized under this chapter.** In this subsection "activities
3 authorized under this chapter" means all activities subject to this chapter other than bingo.

4 * Sec. 32. AS 05.15.181(a) is amended to read:

5 (a) A person may not manufacture pull-tabs in the state, **and may not sell or supply a**
6 **pull-tab that the person has manufactured outside of the state to persons in the state,** unless
7 the person has received a pull-tab manufacturer's license issued by the department.

8 * Sec. 33. AS 05.15.181(b) is amended to read:

9 (b) The department may issue a pull-tab manufacturer's license to a person who pays an
10 annual fee of **\$1,000** [\$500].

11 * Sec. 34. AS 05.15.183(d) is amended to read:

12 (d) A pull-tab distributor shall report to the department by the last business day of each
13 month on each pull-tab series distributed in the preceding month. The report must include the
14 name of the permittee, **operator, or pull-tab distributor** to whom each series of pull-tabs is
15 distributed and the serial number of each series.

16 * Sec. 35. AS 05.15.183 is amended by adding a new subsection to read:

17 (e) A distributor may not

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

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

20 (3) deliver a pull-tab series to a vendor location, except as permitted by

21 AS 05.15.185.

22 * Sec. 36. AS 05.15.184 is amended to read:

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

29 * Sec. 37. AS 05.15.185 is amended to read:

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

1 Association of Fundraising Ticket Manufacturers or other serial number label approved by the
2 department and may be distributed only to

3 (1) a municipality or a qualified organization that has obtained a permit issued
4 under this chapter;

5 (2) [OR TO] an operator on behalf of an authorizing permittee; or

6 (3) a vendor registered under this chapter when

7 (A) a permittee or operator has received payment from the vendor in
8 the amount and form set out in AS 05.15.188(j), and the permittee or operator has
9 authorized the distributor to distribute the series to the vendor; and

10 (B) the permittee or operator has paid to the distributor the pull-tab
11 tax under AS 05.15.184; or

12 (4) a distributor licensed under this chapter.

13 * Sec. 38. AS 05.15.187(f) is amended to read:

14 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had
15 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this
16 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall
17 maintain records for two years of each prize of \$50 or more, the first day and last day that each
18 series was distributed, the serial number of each series, and the distributor from whom each series
19 was purchased. In this section "permittee" includes municipalities and qualified
20 organizations that jointly hold a multiple-beneficiary permit.

21 * Sec. 39. AS 05.15.187 is amended by adding new subsections to read:

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

25 (i) An operator may not purchase a pull-tab series from a distributor that is owned in
26 whole or in part, directly or indirectly, by the operator, unless more than 50 percent of the
27 distributor's sales of pull-tab series are made to permittees, operators, or distributors that are
28 wholly independent from the distributor.

29 (j) A permittee, operator, or registered vendor may not turn over a prize of \$50 or more
30 to a person with a pull-tab card entitling the person to that prize unless the person signs a receipt
31 for the prize and returns the receipt to the permittee, operator, or vendor. The pull-tab card

1 entitling the person to the prize may be signed as the receipt.

2 (k) A permittee, operator, or registered vendor may sell pull-tabs only at a fixed location,
3 and may not sell pull-tabs from a cart, vehicle, or similar location that is capable of mobility.
4 Pull-tab sales may be made only when the person purchasing the pull-tab is physically present
5 at the sale location.

6 * Sec. 40. AS 05.15 is amended by adding a new section to article 2 to read:

7 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
8 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract
9 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
10 first applies for a vendor endorsement from the department on a form prescribed by the
11 department and submits an endorsement fee of \$100 for each location at which the vendor
12 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the
13 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is
14 within the boundaries of a municipality, the permittee or operator shall, concurrently with
15 applying for a vendor endorsement with the department, submit a copy of the application form
16 to the governing body of the municipality.

17 (b) A permittee or operator may contract with more than one vendor under this section,
18 except that

19 (1) a permittee, other than a multiple-beneficiary permittee under
20 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the
21 permittee's permit at more than five vendor locations unless the permittee is an association of
22 vendors, in which case each vendor that is a member of the association may sell pull-tabs under
23 the association's permit;

24 (2) a multiple-beneficiary permittee may not enter into contracts with vendors that
25 result in pull-tabs being sold under the permittee's permit at more vendor locations than five
26 times the number of holders of the multiple-beneficiary permit, with a maximum of 20 vendor
27 locations; and

28 (3) an operator may not enter into contracts with vendors that result in pull-tabs
29 being sold under the permits of permittees who have contracted with the operator at more than
30 five vendor locations for each permittee with which the operator has contracted, or 20 vendor
31 locations, whichever is less.

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

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

6 (e) The endorsement issued under (d) of this section is an extension of the permittee's
7 or operator's privilege under AS 05.15.100 to conduct pull-tab sales. A vendor may not sell a
8 pull-tab series until the endorsement for the new vendor location has been posted at the vendor
9 location for which the endorsement was issued. The endorsement and the permit or license must
10 be clearly visible to the gaming public.

11 (f) A separate endorsement shall be issued for each vendor location. The permittee or
12 operator shall inform the department and the governing body of the municipality in which the
13 vendor operates when a vendor with whom the permittee or operator is contracting changes the
14 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
15 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
16 location. A permittee or operator shall return to the department the endorsed permit or license
17 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
18 inform the department of a change in vendor location, or to return a permit or license to the
19 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
20 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
21 permit or an operator's license under AS 05.15.170.

22 (g) At the time that a permittee or operator annually renews its permit or license, it shall
23 also renew the endorsement for each location of each vendor that is selling pull-tabs on the
24 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee
25 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by
26 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

27 (h) A permittee or operator that uses a vendor to sell pull-tabs on its behalf shall enter
28 into a written contract with that vendor, and a copy of the contract must be submitted to the
29 department for approval. If the contract contains provisions that violate this chapter or the
30 regulations adopted under it, the department may refuse to issue the vendor endorsement for that
31 location.

1 (i) Except as provided in AS 05.15.185, a person, other than a permittee's member in
2 charge or an operator, may not directly supply a pull-tab series to a vendor for sale by that
3 vendor on behalf of the permittee or operator.

4 (j) If a permittee or operator contracts with a vendor under (a) of this section, the
5 contract must provide that the permittee or operator shall receive no less than 70 percent of the
6 ideal net.

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

12 (l) A vendor may not contract under this section with more than one permittee or
13 operator at a time.

14 * Sec. 41. AS 05.15 is amended by adding a new section to read:

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

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

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

30 * Sec. 42. AS 05.15.200(b) is amended to read:

31 (b) A person who, with the intent to mislead a public servant in the performance of the

1 public servant's duty, submits a false statement in an application for a permit, license, or vendor
2 endorsement under this chapter [,] is guilty of unsworn falsification.

3 * Sec. 43. AS 05.15.210(7) is amended to read:

4 (7) "contest of skill" means a contest or game that is conducted to benefit a
5 municipality or qualified organization and in which prizes are awarded for the demonstration
6 of human skills in rifle, pistol, archery, or dart matches, or in similar matches involving
7 marksmanship; in [,] races or other tests of physical endurance performed by individual
8 contestants; in bowling and billiards matches; [,] and in other physical [ATHLETIC] events
9 that include generally recognized field and track events based on personal physical ability
10 or skill;

11 * Sec. 44. AS 05.15.210 is amended by adding new paragraphs to read:

12 (35) "bingo hall" means a facility owned or managed by an operator and used for
13 the playing of bingo, and which meets the following requirements:

14 (A) at least 70 percent of the floor space of the facility must be devoted
15 to the playing of bingo;

16 (B) at least 70 percent of the expenses incurred by the operator, excluding
17 prize payouts, are connected with the conducting of bingo games;

18 (C) at least 30 percent of the gross receipts of the operator at the facility
19 are derived from bingo; and

20 (D) the facility, if located in a municipality with land use ordinances,
21 complies with all such ordinances, including those relating to parking requirements for
22 facilities that attract large numbers of the public at one time;

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

26 (37) "managerial or supervisory capacity" means that the employee

27 (A) is responsible for gaming receipts;

28 (B) has the authority to hire employees or to dismiss or otherwise
29 discipline them;

30 (C) prepares financial reports required under this chapter;

31 (D) is responsible for keeping the accounts for activities under this

1 chapter;

2 (E) is responsible for conducting activities under this chapter, including
3 the arranging for locations at which those activities will occur; or

4 (F) is a fund raiser or a consultant;

5 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);

6 (39) "permittee" means a municipality or a qualified organization that holds a
7 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold
8 a valid multiple-beneficiary permit under AS 05.15.145;

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

12 (A) a retail establishment;

13 (B) an eating establishment; or

14 (C) an establishment licensed under AS 04.11.

15 * Sec. 45. AS 05.15.122(c) and 05.15.122(d) are repealed.

16 * Sec. 46. AS 05.15.112(d) is repealed.

17 * Sec. 47. TRANSITIONAL PROVISION. The Department of Commerce and Economic
18 Development shall prepare the tests required by AS 05.15.112(a), as amended by sec. 15 of this Act, and
19 by AS 05.15.122(b), as amended by sec. 17 of this Act, so that they may first be offered no later than
20 January 1992.

21 * Sec. 48. Sections 2, 4, 5, 15, 17, 19, 20, and 46 of this Act take effect January 1, 1993.

22 * Sec. 49. Except as provided in sec. 48 of this Act, this Act takes effect immediately under
23 AS 01.10.070(c).