

**CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (JUDICIARY)(title am)**

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

**SEVENTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE JUDICIARY COMMITTEE**

**Amended: 5/20/91  
Offered: 5/20/91  
Referred: Finance**

**Sponsor(s): SENATOR ZHAROFF**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to charitable gaming; extending from 5 to 15 years the period during  
2 which a person is prohibited from participating in certain charitable gaming activities  
3 following a conviction of a felony or release from prison or parole as a result of a felony  
4 conviction; increasing the percentage paid by operators to pull tab authorizing permittees  
5 to 35 or 50 percent of adjusted gross income; and providing for an effective date."

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

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

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

11 (1) \$20 for an applicant that did not hold a permit during the preceding year;  
12 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from  
13 activities conducted under this chapter during the preceding year;

1 (3) \$100 [\$50] for an applicant that had gross receipts of \$20,000 or more but not  
2 exceeding \$100,000 from activities conducted under this chapter during the preceding year; or

3 (4) \$250 [\$100] for an applicant that had gross receipts exceeding \$100,000 from  
4 activities conducted under this chapter during the preceding year.

5 \* Sec. 2. AS 05.15.020(a) is repealed and reenacted to read:

6 (a) A municipality or qualified organization may conduct an activity permitted under this  
7 chapter, if the municipality or qualified organization

8 (1) applies for a permit, pays the appropriate permit fee, and receives an annual  
9 permit issued by the department; and

10 (2) designates a member in charge and at least one alternate member in charge  
11 under AS 05.15.112 who have passed the examination required by AS 05.15.112.

12 \* Sec. 3. AS 05.15.020 is amended by adding a new subsection to read:

13 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee  
14 of \$100, in addition to the fee that the applicant would have to pay under (a) of this section if  
15 the applicant were applying for an individual permit.

16 \* Sec. 4. AS 05.15.020(c) is repealed and reenacted to read:

17 (c) An applicant for a multiple-beneficiary permit under AS 05.15.100(d) shall pay a fee  
18 of \$100, in addition to the fee that the applicant would have to pay under (d) of this section if  
19 the applicant were applying for an individual permit.

20 \* Sec. 5. AS 05.15.020 is amended by adding a new subsection to read:

21 (d) The annual permit fee under (a) of this section is

22 (1) \$20 for an applicant that did not hold a permit during the preceding year;

23 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from  
24 activities conducted under this chapter during the preceding year;

25 (3) \$100 for an applicant that had gross receipts of \$20,000 or more but not  
26 exceeding \$100,000 from activities conducted under this chapter during the preceding year;

27 (4) \$250 for an applicant that had gross receipts exceeding \$100,000 from  
28 activities conducted under this chapter during the preceding year or that is one of the applicants  
29 for a multiple-beneficiary permit under AS 05.15.100(d).

30 \* Sec. 6. AS 05.15.030(c) is amended to read:

31 (c) If a permittee or licensee changes the location of an activity in the jurisdiction for

1 which a permit has been issued, the permittee shall notify the department and the local  
2 government at least 15 days before [WITHIN 10 DAYS AFTER] moving to the new location.

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

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

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

11 or

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

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

- 18 (1) has been convicted of, in prison for, or on parole for a felony within the  
19 preceding 15 years;  
20 (2) has been convicted at any time of a crime involving theft or dishonesty;  
21 (3) has been convicted at any time of a violation of a municipal, state, or federal  
22 gambling law; or  
23 (4) is the spouse of a person described in (1) or (3) of this subsection.

24 \* Sec. 8. AS 05.15.060 is amended to read:

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

- 28 (1) the issuance, renewal, and revocation of permits, [AND] licenses, and vendor  
29 endorsements;  
30 (2) a method of ascertaining net proceeds, the determination of items of expense  
31 that may be incurred or paid, and the limitation of the amount of the items of expense to prevent

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

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

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

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

12 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,  
13 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN  
14 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,  
15 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A  
16 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

19 (7) [(8)] the number of activities that may be held, operated, or conducted under  
20 a permit during a specified period; however, the department may not allow more than 14 bingo  
21 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of  
22 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the  
23 number of sessions and games a month equal to the number allowed an individual permittee  
24 per month multiplied by the number of holders of the multiple-beneficiary permit;

25 (8) [(9)] a method of accounting for receipts and disbursements by operators and  
26 vendors, including the keeping of records and requirements for the deposit of all receipts in a  
27 bank;

28 (9) [(10)] the disposition of funds in possession of a permittee, [OR] a person,  
29 municipality, or qualified organization that possesses an operator's license, or a vendor at the  
30 time a permit, [OR] a license, or a permit that includes a vendor endorsement is voluntarily  
31 surrendered, not renewed, suspended, revoked, or otherwise invalidated;

1                   (10) [(11)] restrictions on the participation by employees of the Department of  
2 Fish and Game in salmon classics;

3                   (11) [(12)] other matters the commissioner considers necessary to carry out this  
4 chapter or protect the best interest of the public.

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

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

9 \* Sec. 10. AS 05.15.070 is amended to read:

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

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

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

- 18                   (1) the member in charge for the qualified organization;  
19                   (2) a person authorized to sign on behalf of the municipality;  
20                   (3) the operator or the operator's agent;  
21                   (4) the licensed pull-tab distributor or the distributor's agent; [OR]  
22                   (5) the licensed pull-tab manufacturer or the manufacturer's agent; or  
23                   (6) the owner of a vendor or the owner's agent.

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

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

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

28           (d) The commissioner may issue a multiple-beneficiary permit to two to six  
29 municipalities or qualified organizations or to a combination of two to six municipalities and  
30 qualified organizations that apply jointly for the permit. The permit gives the permit holders the  
31 privilege of jointly conducting the activities specified in (a) and (b) of this section, subject to the

1 restrictions set out in (b) of this section.

2 (e) The department shall revoke the permit of a permittee, including a multiple-  
3 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least  
4 15 percent of the gross income derived from activities under this chapter.

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

6 (a) Each municipality or qualified organization that applies for [RECEIVES] a permit  
7 under this chapter shall designate a member in charge. Municipalities and qualified  
8 organizations that jointly apply for a multiple-beneficiary permit under AS 05.15.145 shall  
9 establish a board consisting of one member from each municipality and qualified  
10 organization, and the board shall designate one of its members as the member in charge for  
11 the multiple-beneficiary permittee.

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

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

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

25 (b) The member in charge is responsible for preparation, maintenance, and transmittal  
26 of all records and reports required of the permittee and, if the permittee has entered into a  
27 contract with an operator under AS 05.15.115, for monitoring the operator's performance  
28 under and compliance with that contract. The member in charge shall be a member of the  
29 qualified organization or the board of directors of the qualified organization or an employee of  
30 the municipality. In the case of a multiple-beneficiary permit, the member in charge shall  
31 be a member of one of the qualified organizations or the board of directors of one of the

1 qualified organizations or an employee of one of the municipalities.

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

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

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

14 (d) The municipality or qualified organization, or the holders of a multiple-beneficiary  
15 permit, shall designate alternate members in charge who are responsible for the duties of the  
16 member in charge in the absence of the member in charge.

17 \* Sec. 19. AS 05.15.112 is amended by adding a new subsection to read:

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

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

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

- 29 (1) applies on the form provided by the department;  
30 (2) pays the annual fee of \$500;  
31 (3) discloses the identity of persons employed by the applicant in a managerial

1 or supervisory capacity;

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

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

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

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

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

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

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

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

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

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

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

26 (1) 20 percent of the adjusted gross income received from bingo activities and 35  
27 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the  
28 authorizing permittee, if the operator's primary method of conducting activities on behalf of the  
29 permittee is through a bingo hall;

30 (2) 50 percent of the adjusted gross income received from all activities conducted  
31 on behalf of the authorizing permittee, if the operator's primary method of conducting activities

1 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose  
2 is the sale of pull-tabs; or

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

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

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

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

19 (1) has been convicted of, in prison for, or on parole for a felony within the  
20 preceding 15 [FIVE] years, or convicted of a crime involving theft or dishonesty or of a violation  
21 of a municipal, state, or federal gambling law; or

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

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

25 (c) The commissioner may not issue a permit for an activity operated by a person who  
26 has been convicted of, in prison for, or on parole for a felony within the preceding 15 [FIVE]  
27 years, or convicted of a crime involving theft or dishonesty or of a violation of a municipal, state,  
28 or federal gambling law.

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

30 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities  
31 or qualified organizations, or a combination of two to six municipalities and qualified

1 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The  
2 commissioner may not issue or renew a permit except upon satisfactory proof that each joint  
3 applicant is a municipality or qualified organization, the activity may be permitted under this  
4 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon  
5 request of the commissioner, the joint applicants shall prove conclusively each of these  
6 requirements before a permit may be issued or renewed.

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

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

11 (d) A municipality or qualified organization that is among the holders of a multiple-  
12 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw  
13 to the department and to the other holders of the permit. The effective date of the withdrawal  
14 is 30 days after the department receives written notice of intent. A municipality or qualified  
15 organization that withdraws from a multiple-beneficiary permit may apply for a permit under  
16 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary  
17 permit and the prizes it awards under its own permit are subject to the maximums established in  
18 AS 05.15.180(g).

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

22 (f) The department shall revoke a multiple-beneficiary permit if the permittee does not

23 (1) meet the requirements of AS 05.15.100(e); or

24 (2) pay each quarter to each holder of the multiple-beneficiary permit an equal  
25 share of the amount of the adjusted gross income remaining after expenses are deducted; if a  
26 holder withdraws from the multiple-beneficiary permit during a quarter, that holder is entitled to  
27 a pro rata share based on the percentage of the quarter that the withdrawing entity was a holder.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (g) A municipality or a qualified organization may award a maximum of \$1,000,000 in  
8 prizes each year in activities authorized under this chapter. The holders of a multiple-  
9 beneficiary permit under AS 05.15.145 may award a maximum in prizes each calendar year  
10 of \$1,000,000 times the number of holders of the permit for activities authorized under this  
11 chapter; however, if a municipality or a qualified organization contracts with an operator to  
12 conduct on its behalf activities authorized under this chapter, the municipality or qualified  
13 organization may award a maximum of \$500,000 in prizes each year. In this subsection  
14 "activities authorized under this chapter" means all activities subject to this chapter other than  
15 bingo.

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

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

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

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

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

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

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

29 (e) A distributor may not  
30 (1) take an order for the purchase of a pull-tab series from a vendor;  
31 (2) sell a pull-tab series to a vendor; or

1 (3) deliver a pull-tab series to a vendor location, except as permitted by  
2 AS 05.15.185.

3 \* Sec. 36. AS 05.15.184 is amended to read:

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

10 \* Sec. 37. AS 05.15.185 is amended to read:

11 Sec. 05.15.185. DISTRIBUTION OF PULL-TAB GAMES. Each series of pull-tabs  
12 distributed in the state must be sealed and have a serial number label issued by the National  
13 Association of Fundraising Ticket Manufacturers or other serial number label approved by the  
14 department and may be distributed only to

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

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

18 (3) a vendor registered under this chapter when

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

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

24 (4) a distributor licensed under this chapter.

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

26 (f) Each permittee [MUNICIPALITY OR QUALIFIED ORGANIZATION] that had  
27 gross receipts exceeding \$100,000 during the preceding year from activities conducted under this  
28 chapter or that is required to report under AS 05.15.080(a), that conducts a pull-tab game shall  
29 maintain records for two years of each prize of \$50 or more, the first day and last day that each  
30 series was distributed, the serial number of each series, and the distributor from whom each series  
31 was purchased. In this section "permittee" includes municipalities and qualified

**organizations that jointly hold a multiple-beneficiary permit.**

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

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

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

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

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

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

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

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

(1) a permittee, other than a multiple-beneficiary permittee under

1 AS 05.15.100(d), may not enter into contracts that result in pull-tabs being sold under the  
2 permittee's permit at more than 20 vendor locations;

3 (2) a multiple-beneficiary permittee may not enter into contracts that result in  
4 pull-tabs being sold under the permittee's permit at more than 20 vendor locations; and

5 (3) an operator may not enter into contracts with vendors that result in pull-tabs  
6 being sold under the permits of permittees who have contracted with the operator at more than  
7 20 vendor locations.

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

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

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

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

29 (g) At the time that a permittee or operator annually renews its permit or license, it shall  
30 also renew the endorsement for each location of each vendor that is selling pull-tabs on the  
31 permittee's or operator's behalf. The permittee or operator shall pay an endorsement renewal fee

1 of \$100 for each vendor location. The endorsement renewal fee shall be paid by the vendor by  
2 check, and the vendor may not be reimbursed for the fee by the permittee or operator.

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

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

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

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

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

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

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

28 (b) If the public interest requires, the commissioner may issue an emergency order  
29 prohibiting an act or practice in violation of this chapter or a regulation adopted under this  
30 chapter without notice to or an opportunity to be heard by the person affected by the order. The  
31 commissioner shall immediately serve the person with a copy of the emergency order. An

1 emergency order expires 60 days after the date it is issued, if the person affected by the order  
2 requests a hearing within 15 days of receipt of the order. If the person does not request a hearing  
3 within 15 days of receipt of the emergency order, the order becomes permanent. Following a  
4 hearing, the commissioner may rescind, modify, or make permanent the emergency order.

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

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

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

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

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

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

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

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

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

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

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

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

1 to be awarded for that series;

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

3 (A) is responsible for gaming receipts;

4 (B) has the authority to hire employees or to dismiss or otherwise  
5 discipline them;

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

7 (D) is responsible for keeping the accounts for activities under this  
8 chapter;

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

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

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

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

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

19 (A) a retail establishment;

20 (B) an eating establishment; or

21 (C) an establishment licensed under AS 04.11.

22 \* Sec. 45. AS 05.15.060(6), 05.15.122(c), and 05.15.122(d) are repealed.

23 \* Sec. 46. AS 05.15.112(d) is repealed.

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

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

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