

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 6 (FINANCE)**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE FINANCE COMMITTEE**

Offered: 5/21/91

Referred: Today's Calendar

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 is amended by adding a new subsection to read:

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

9 * Sec. 3. AS 05.15.030(c) is amended to read:

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

13 * Sec. 4. AS 05.15 is amended by adding a new section to read:

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

17 (1) be issued an operator's license under AS 05.15.122;

18 (2) be issued a manufacturer's license under AS 05.15.181;

19 (3) be issued a distributor's license under AS 05.15.183;

20 (4) act as a member in charge or alternate member in charge under AS 05.15.112;

21 or

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

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

28 (1) has, within the preceding 15 years, been convicted of, in prison for, or on
29 parole for a felony;

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

31 (3) has been convicted at any time of a violation of a municipal, state, or federal

1 gambling law.

2 * Sec. 5. AS 05.15.060 is amended to read:

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

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

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

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

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

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

21 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE, LICENSEE,
22 OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON CONVICTED OF, IN
23 PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN THE PRECEDING FIVE YEARS,
24 OR CONVICTED OF A CRIME INVOLVING THEFT OR DISHONESTY OR OF A
25 VIOLATION OF A MUNICIPAL, STATE, OR FEDERAL GAMBLING LAW;

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

28 (7) [(8)] the number of activities that may be held, operated, or conducted under
29 a permit during a specified period; however, the department may not allow more than 14 bingo
30 sessions a month and 35 bingo games a session to be conducted under a permit; the holders of
31 a multiple-beneficiary permit under AS 05.15.100(d) may hold, operate, or conduct the

1 number of sessions and games a month equal to the number allowed an individual permittee
2 per month multiplied by the number of holders of the multiple-beneficiary permit:

3 (8) [(9)] a method of accounting for receipts and disbursements by operators and
4 vendors, including the keeping of records and requirements for the deposit of all receipts in a
5 bank;

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

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

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

14 * Sec. 6. AS 05.15.060 is amended by adding a new subsection to read:

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

18 * Sec. 7. AS 05.15.070 is amended to read:

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

24 * Sec. 8. AS 05.15.095(a) is amended to read:

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

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

1 **(6) the owner of a vendor or the owner's agent.**

2 * **Sec. 9.** AS 05.15.095(b) is amended to read:

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

5 * **Sec. 10.** AS 05.15.100 is amended by adding new subsections to read:

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

11 (e) The department shall revoke the permit of a permittee, including a multiple-
12 beneficiary permittee, that does not report for each quarter an adjusted gross income of at least
13 15 percent of the gross income derived from activities under this chapter.

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

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

21 * **Sec. 12.** AS 05.15.112(b) is repealed and reenacted to read:

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

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

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

5 * Sec. 14. AS 05.15.124 is amended to read:

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

9 * Sec. 15. AS 05.15.128(a) is amended to read:

10 (a) The department shall revoke the license of an operator who does not
11 [(1)] report an adjusted gross income of at least 15 percent of gross income each
12 quarter [FOR TWO CONSECUTIVE QUARTERS] based on the total operation of the operator
13 [; OR

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

18 * Sec. 16. AS 05.15.128 is amended by adding new subsections to read:

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

21 (1) 20 percent of the adjusted gross income received from bingo activities and 35
22 percent of the adjusted gross income received from pull-tab activities conducted on behalf of the
23 authorizing permittee, if the operator's primary method of conducting activities on behalf of the
24 permittee is through a bingo hall;

25 (2) 50 percent of the adjusted gross income received from all activities conducted
26 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
27 on behalf of the permittee is through the sale of pull-tabs at a retail outlet whose primary purpose
28 is the sale of pull-tabs; or

29 (3) 50 percent of the adjusted gross income received from all activities conducted
30 on behalf of the authorizing permittee, if the operator's primary method of conducting activities
31 on behalf of the permittee is through the sale of pull-tabs by contract with vendors or by another

1 means other than those described in (1) or (2) of this subsection.

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

10 * Sec. 17. AS 05.15.140(b) is amended to read:

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

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

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

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

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

24 * Sec. 19. AS 05.15 is amended by adding a new section to read:

25 Sec. 05.15.145. MULTIPLE-BENEFICIARY PERMITS. (a) Two to six municipalities
26 or qualified organizations, or a combination of two to six municipalities and qualified
27 organizations, may jointly apply for a multiple-beneficiary permit under AS 05.15.100(d). The
28 commissioner may not issue or renew a permit except upon satisfactory proof that each joint
29 applicant is a municipality or qualified organization, the activity may be permitted under this
30 chapter, and the issuance of a permit is not detrimental to the best interests of the public. Upon
31 request of the commissioner, the joint applicants shall prove conclusively each of these

1 requirements before a permit may be issued or renewed.

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

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

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

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

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

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

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

24 (3) shows expenses that exceed

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

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

31 (C) 50 percent of the adjusted gross income received from all activities,

1 if the permittee's primary method of conducting activities is through the sale of pull-tabs
2 by contract with vendors or by another means other than those described in (A) or (B)
3 of this paragraph.

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

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

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

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

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

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

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

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

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

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

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

30 (b) With the exception of raffles, lotteries, bingo games, pull-tab games, rain classics,
31 goose classics, mercury classics, salmon classics, contests of skill, and other activities authorized

1 under AS 05.15.100(b), an activity may not be licensed under this chapter unless it existed in the
2 state in substantially the same form and was conducted in substantially the same manner before
3 January 1, 1959.

4 * Sec. 22. AS 05.15.180(d) is amended to read:

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

8 * Sec. 23. AS 05.15.180(e) is amended to read:

9 (e) The total value of all door prizes offered or awarded at a single facility or bingo hall
10 or parlor by an operator on behalf of authorizing permittees [OR BY A PERMITTEE IN
11 CONJUNCTION WITH OTHER PERMITTEES] may not exceed \$10,000 [\$20,000] a month or
12 \$120,000 [\$240,000] a year.

13 * Sec. 24. 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 or a
16 qualified organization contracts with an operator to conduct on its behalf activities authorized
17 under this chapter, the municipality or qualified organization may award a maximum of \$500,000
18 in prizes each year. The holders of a multiple-beneficiary permit under AS 05.15.145 may
19 award a maximum in prizes each calendar year of \$1,000,000 times the number of holders
20 of the permit for activities authorized under this chapter. In this subsection "activities
21 authorized under this chapter" means all activities subject to this chapter other than bingo.

22 * Sec. 25. AS 05.15.181(a) is amended to read:

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

26 * Sec. 26. AS 05.15.181(b) is amended to read:

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

29 * Sec. 27. AS 05.15.183(d) is amended to read:

30 (d) A pull-tab distributor shall report to the department by the last business day of each
31 month on each pull-tab series distributed in the preceding month. The report must include the

1 name of the permittee, operator, or pull-tab distributor to whom each series of pull-tabs is
2 distributed and the serial number of each series.

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

4 (e) A distributor may not

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

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

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

9 * Sec. 29. AS 05.15.184 is amended to read:

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

16 * Sec. 30. AS 05.15.185 is amended to read:

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

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

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

24 (3) a vendor registered under this chapter when

25 (A) a permittee or operator has received payment from the vendor in
26 the amount and form set out in AS 05.15.188(i), and the permittee or operator has
27 authorized the distributor to distribute the series to the vendor; and

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

30 (4) a distributor licensed under this chapter.

31 * Sec. 31. AS 05.15.187(f) is amended to read:

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

8 * Sec. 32. AS 05.15.187 is amended by adding new subsections to read:

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

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

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

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

24 * Sec. 33. AS 05.15 is amended by adding a new section to article 2 to read:

25 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF PERMITTEES
26 AND OPERATORS; VENDOR ENDORSEMENT. (a) A permittee or operator may contract
27 with a vendor to sell pull-tabs on behalf of the permittee or operator, if the permittee or operator
28 first applies for a vendor endorsement from the department on a form prescribed by the
29 department and submits an endorsement fee of \$100 for each location at which the vendor
30 intends to sell pull-tabs. The endorsement fee shall be paid by the vendor by check, and the
31 vendor may not be reimbursed for the fee by the permittee or operator. If a vendor location is

1 within the boundaries of a municipality, the permittee or operator shall, concurrently with
2 applying for a vendor endorsement with the department, submit a copy of the application form
3 to the governing body of the municipality.

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

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

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

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

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

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

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

29 (f) A separate endorsement shall be issued for each vendor location. The permittee or
30 operator shall inform the department and the governing body of the municipality in which the
31 vendor operates when a vendor with whom the permittee or operator is contracting changes the

1 physical location at which pull-tabs are sold, and shall apply for and obtain another endorsement
2 before the vendor may sell pull-tabs on behalf of the permittee or operator at the new vendor
3 location. A permittee or operator shall return to the department the endorsed permit or license
4 of a vendor that is no longer selling pull-tabs on behalf of the permittee or operator. Failure to
5 inform the department of a change in vendor location, or to return a permit or license to the
6 department that contains the endorsement of a vendor that is no longer selling pull-tabs on behalf
7 of the permittee or operator, constitutes grounds for the suspension or revocation of a permittee's
8 permit or an operator's license under AS 05.15.170.

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

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

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

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

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

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

1 * Sec. 34. AS 05.15 is amended by adding a new section to read:

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

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

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

17 * Sec. 35. AS 05.15.200(b) is amended to read:

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

21 * Sec. 36. AS 05.15.210(7) is amended to read:

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

29 * Sec. 37. AS 05.15.210 is amended by adding new paragraphs to read:

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

- 1 (A) at least 70 percent of the floor space of the facility must be devoted
2 to the playing of bingo;
- 3 (B) at least 70 percent of the expenses incurred by the operator, excluding
4 prize payouts, are connected with the conducting of bingo games;
- 5 (C) at least 30 percent of the gross receipts of the operator at the facility
6 are derived from bingo; and
- 7 (D) the facility, if located in a municipality with land use ordinances,
8 complies with all such ordinances, including those relating to parking requirements for
9 facilities that attract large numbers of the public at one time;
- 10 (36) "ideal net" means an amount equal to the total amount of receipts that would
11 be received if every individual pull-tab ticket in a series were sold at face value, less the prizes
12 to be awarded for that series;
- 13 (37) "managerial or supervisory capacity" means that the employee
- 14 (A) is responsible for gaming receipts;
- 15 (B) has the authority to hire employees or to dismiss or otherwise
16 discipline them;
- 17 (C) prepares financial reports required under this chapter;
- 18 (D) is responsible for keeping the accounts for activities under this
19 chapter;
- 20 (E) is responsible for conducting activities under this chapter, including
21 the arranging for locations at which those activities will occur; or
- 22 (F) is a fund raiser or a consultant;
- 23 (38) "parole" has the meanings given in AS 33.16.900(6) and (7);
- 24 (39) "permittee" means a municipality or a qualified organization that holds a
25 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that hold
26 a valid multiple-beneficiary permit under AS 05.15.145;
- 27 (40) "vendor" means a business whose primary activity is not regulated by this
28 chapter but that is engaged in the sale of pull-tabs on behalf of a permittee or operator, holds a
29 business license under AS 43.70, and is
- 30 (A) a retail establishment;
- 31 (B) an eating establishment; or

1 (C) an establishment licensed under AS 04.11.
2 * Sec. 38. AS 05.15.122(c) and 05.15.122(d) are repealed.
3 * Sec. 39. The amendments and repeals made by this Act are temporary only and are valid only
4 through June 30, 1992. On July 1, 1992, this Act is repealed and the laws affected by this Act shall read
5 as they existed on the day before the effective date of the provision of this Act that amended or repealed
6 the affected law.
7 * Sec. 40. Sections 15 and 16 of this Act take effect October 1, 1991.
8 * Sec. 41. Except as provided in sec. 40 of this Act, this Act takes effect immediately under
9 AS 01.10.070(c).