

CS FOR SENATE BILL NO. 207 (L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 4/30/92
Referred: Judiciary

Sponsor(s): SENATOR ZHAROFF

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to multiple-beneficiary permitting of charitable gaming and designation
2 of an applicant's member in charge; excluding persons and spouses of persons convicted
3 of felonies, crimes involving theft or dishonesty, or violations of municipal, state, or federal
4 gambling laws from participation in charitable gaming as permittees, licensees, or employees
5 of permittees or licensees; prohibiting contribution of net proceeds of charitable gaming
6 activity to candidates for public office of the state or a political subdivision of the state;
7 requiring disbursement to permittees of at least 40 percent of adjusted gross income of
8 pull-tab activities and at least 15 percent of adjusted gross income of bingo activity;
9 defining 'managerial and supervisory capacity' and 'permittee'; and requiring revocation of
10 charitable gaming permits issued to permittees, including multiple-beneficiary permittees, that
11 conduct bingo games and do not report a profit on the bingo games for each quarter."

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

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

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

5 (1) \$20 for an applicant that did not hold a permit during the preceding year;

6 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from
7 activities conducted under this chapter during the preceding year;

8 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not
9 exceeding \$100,000 from activities conducted under this chapter during the preceding year; [OR]

10 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from
11 activities conducted under this chapter during the preceding year; or

12 (5) \$250 for an applicant for a multiple-beneficiary permit under
13 AS 05.15.100(d).

14 • Sec. 2. AS 05.15.060 is amended to read:

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

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

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

23 (3) the immediate revocation of permits and licenses authorized under this chapter
24 if this chapter or regulations adopted under it are violated;

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

27 (5) the investigation of permittees, licensees, and their employees, including the
28 fingerprinting of those permittees, licensees, and employees whom the commissioner considers
29 it advisable to fingerprint;

30 (6) exclusion from participation as a permittee, licensee, or employee of a
31 permittee or licensee, of a person or the spouse of a person convicted of [, IN PRISON FOR,

1 OR ON PAROLE FOR] a felony, [WITHIN THE PRECEDING FIVE YEARS, OR
2 CONVICTED OF] a crime involving theft or dishonesty, or [OF] a violation of a municipal,
3 state, or federal gambling law;

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

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

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

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

17 (11) restrictions on the participation by employees of the Department of Fish and
18 Game in salmon classics and in king salmon classics, and by employees of Douglas Island Pink
19 and Chum in king salmon classics;

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

22 * Sec. 3. AS 05.15.100 is amended by adding new subsections to read:

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

28 (e) The department shall revoke the permit of a permittee, including a multiple-
29 beneficiary permittee, that conducts bingo games and does not report a profit on the bingo games
30 for each quarter.

31 * Sec. 4. AS 05.15.112(a) is amended to read:

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

7 * Sec. 5. AS 05.15.112(b) is amended to read:

8 (b) The member in charge is responsible for preparation, maintenance, and transmittal
9 of all records and reports required of the permittee. The member in charge shall be a member
10 of the qualified organization or the board of directors of the qualified organization or an
11 employee of the municipality. In the case of a multiple-beneficiary permit, the member in
12 charge and the alternate members in charge shall be members of one or more of the
13 qualified organizations or the board of directors of one or more of the qualified
14 organizations or employees of one or more of the municipalities.

15 * Sec. 6. AS 05.15.112(d) is amended to read:

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

19 * Sec. 7. AS 05.15.122(c) is amended to read:

20 (c) The department may not issue an operator's license to an applicant if the applicant,
21 the spouse of the applicant, or a person employed by the applicant in a managerial or
22 supervisory capacity, has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a
23 felony, [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving
24 theft or dishonesty, or [OF] a violation of a municipal, state, or federal gambling law.

25 * Sec. 8. AS 05.15.122(d) is amended to read:

26 (d) A licensee may not employ a person in a managerial or supervisory capacity if the
27 person or the spouse of the person has been convicted of [, IN PRISON FOR, OR ON
28 PAROLE FOR] a felony, [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF]
29 a crime involving theft or dishonesty, or [OF] a violation of a municipal, state, or federal
30 gambling law.

31 * Sec. 9. AS 05.15.140(b) is amended to read:

1 (b) In an application for a permit, a municipality or qualified organization shall disclose
2 the name and address of each person responsible for the operation of the activity and whether
3 any person named or the person's spouse (1) has been convicted of [, IN PRISON FOR, OR
4 ON PAROLE FOR] a felony, [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED
5 OF] a crime involving theft or dishonesty, or [OF] a violation of a municipal, state, or federal
6 gambling law; or (2) has a prohibited financial interest, as defined in regulations adopted by the
7 commissioner, in the operation of the activity. In this subsection, "person responsible for the
8 operation of the activity" means a person who acts in a managerial or supervisory capacity
9 with regard to the activity.

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

11 (c) The commissioner may not issue a permit for an activity operated by a person or the
12 spouse of a person who has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR] a
13 felony, [WITHIN THE PRECEDING FIVE YEARS, OR CONVICTED OF] a crime involving
14 theft or dishonesty, or [OF] a violation of a municipal, state, or federal gambling law.

15 * Sec. 11. AS 05.15 is amended by adding a new section to read:

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

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

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

28 (d) A municipality or qualified organization that is among the holders of a multiple-
29 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw
30 to the department and to the other holders of the permit. The effective date of the withdrawal
31 is 30 days after the department receives written notice of intent. A municipality or qualified

1 organization that withdraws from a multiple-beneficiary permit may apply for a permit under
2 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary
3 permit and the prizes it awards under its own permit are subject to the maximums established in
4 AS 05.15.180(g).

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

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

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

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

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

17 * Sec. 12. AS 05.15.150(a) is amended to read:

18 (a) The authority to conduct the activity authorized by this chapter is contingent upon
19 the dedication of the net proceeds of the raffles or contests to the awarding of prizes to
20 contestants or participants and to political, educational, civic, public, charitable, patriotic or
21 religious uses in the state. "Political, educational, civic, public, charitable, patriotic, or religious
22 uses" means uses benefiting persons either by bringing them under the influence of education or
23 religion or relieving them from disease, suffering, or constraint, or by assisting them in
24 establishing themselves in life, or by providing for the promotion of the welfare and well-being
25 of the membership of the organization within their own community, [OR THROUGH AIDING
26 CANDIDATES FOR PUBLIC OFFICE OR GROUPS THAT SUPPORT CANDIDATES FOR
27 PUBLIC OFFICE,] or by erecting or maintaining public buildings or works, or lessening the
28 burden on government, but does not include

29 (1) contribution to a candidate for a public office of the state or a political
30 subdivision of the state; or

31 (2) the erection, acquisition, improvement, maintenance, or repair of real,

1 personal, or mixed property unless it is used exclusively for one or more of the uses stated.

2 * Sec. 13. AS 05.15.160 is amended by adding new subsections to read:

3 (c) The total amount of authorized expenses that may be incurred under (a) of this
4 section in connection with a pull-tab activity may not exceed 60 percent of the adjusted gross
5 income from that pull-tab activity.

6 (d) The total amount of authorized expenses that may be incurred under (a) of this
7 section in connection with a bingo activity may not exceed 85 percent of the adjusted gross
8 income from that bingo activity.

9 * Sec. 14. AS 05.15.180(d) is amended to read:

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

13 * Sec. 15. 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. The holders of a multiple-
16 beneficiary permit under AS 05.15.145 may award a maximum in prizes each calendar year
17 of \$1,000,000 times the number of holders of the permit for activities authorized under this
18 chapter; however, if a municipality or a qualified organization contracts with an operator to
19 conduct on its behalf activities authorized under this chapter, the municipality or qualified
20 organization may award a maximum of \$500,000 in prizes each year. In this subsection
21 "activities authorized under this chapter" means all activities subject to this chapter other than
22 bingo.

23 * Sec. 16. AS 05.15.187(f) is amended to read:

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

31 * Sec. 17. AS 05.15.210 is amended by adding new paragraphs to read:

- 1 (36) "managerial or supervisory capacity" means that the employee
2 (A) is responsible for gaming receipts;
3 (B) has the authority to hire employees or to dismiss or otherwise
4 discipline them;
5 (C) prepares financial reports required under this chapter;
6 (D) is responsible for keeping the accounts for activities under this
7 chapter;
8 (E) is responsible for conducting activities under this chapter, including
9 the arranging for locations at which those activities will occur; or
10 (F) is a fund-raiser or consultant;
11 (37) "permittee" means a municipality or a qualified organization that holds a
12 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that
13 holds a valid multiple-beneficiary permit under AS 05.15.145.