

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

BY THE SENATE JUDICIARY COMMITTEE

Offered: 5/9/92  
Referred: Finance

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 bingo or pull-tab  
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'; 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 and amending the definition of 'net proceeds' to include state, federal, and municipal taxes

1 paid or owed on account of the activity within the allowable expenses."

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

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

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

7 (1) \$20 for an applicant that did not hold a permit during the preceding year;

8 (2) \$20 for an applicant that had gross receipts of less than \$20,000 from  
9 activities conducted under this chapter during the preceding year;

10 (3) \$50 for an applicant that had gross receipts of \$20,000 or more but not  
11 exceeding \$100,000 from activities conducted under this chapter during the preceding year; [OR]

12 (4) \$100 for an applicant that had gross receipts exceeding \$100,000 from  
13 activities conducted under this chapter during the preceding year; or

14 (5) \$250 for an applicant for a multiple-beneficiary permit under  
15 AS 05.15.100(d).

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

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

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

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

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

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

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

1 (6) exclusion from participation as a permittee, licensee, or employee of a  
2 permittee or licensee, of a person or the spouse of a person convicted of [, IN PRISON FOR,  
3 OR ON PAROLE FOR] a felony, [WITHIN THE PRECEDING FIVE YEARS, OR  
4 CONVICTED OF] a crime involving theft or dishonesty, or [OF] a violation of a municipal,  
5 state, or federal gambling law;

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

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

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

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

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

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

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

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

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

1 for each quarter.

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

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

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

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

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

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

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

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

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

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

1 gambling law.

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

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

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

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

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

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

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

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

30 (d) A municipality or qualified organization that is among the holders of a multiple-  
31 beneficiary permit may withdraw from the permit by giving written notice of intent to withdraw

1 to the department and to the other holders of the permit. The effective date of the withdrawal  
2 is 30 days after the department receives written notice of intent. A municipality or qualified  
3 organization that withdraws from a multiple-beneficiary permit may apply for a permit under  
4 AS 05.15.100(a), but the total of its share of the prizes awarded under the multiple-beneficiary  
5 permit and the prizes it awards under its own permit are subject to the maximums established in  
6 AS 05.15.180(g).

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

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

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

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

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

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

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

30 (1) contribution of net proceeds of bingo or pull-tab activity to a candidate  
31 for a public office of the state or a political subdivision of the state; or

1                   (2) the erection, acquisition, improvement, maintenance, or repair of real,  
2                   personal, or mixed property unless it is used exclusively for one or more of the uses stated.

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

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

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

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

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

14   \* Sec. 15. AS 05.15.180(g) is amended to read:

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

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

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

1 \* Sec. 17. AS 05.15.210(23) is amended to read:

2 (23) "net proceeds" means the gross receipts from an authorized activity less the  
3 fee described in AS 05.15.020(b), the expenses authorized by AS 05.15.160, [AND] the prizes  
4 awarded at the activity, and state, federal, and municipal taxes paid or owed on account of  
5 the activity;

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

7 (36) "managerial or supervisory capacity" means that the employee

8 (A) is responsible for gaming receipts;

9 (B) has the authority to hire employees or to dismiss or otherwise  
10 discipline them;

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

12 (D) is responsible for keeping the accounts for activities under this  
13 chapter;

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

16 (F) is a fund-raiser or consultant;

17 (37) "permittee" means a municipality or a qualified organization that holds a  
18 valid permit under AS 05.15.100, or a group of municipalities or qualified organizations that  
19 holds a valid multiple-beneficiary permit under AS 05.15.145.