

**CS FOR HOUSE BILL NO. 168(FIN) am**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Amended: 5/10/93**

**Offered: 5/8/93**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act establishing a testing program for charitable gaming permittees and  
2 operators; relating to the duties of a member in charge; requiring regulations  
3 relating to pull-tabs to be consistent with North American Gaming Regulators  
4 Association standards on pull-tabs to the extent permitted by charitable gaming  
5 laws; allowing permittees to contract with vendors to sell pull-tabs on behalf of  
6 the permittee at an establishment holding a package store license and certain  
7 establishments holding a beverage dispensary license; allowing municipalities to  
8 prohibit vendors from conducting gaming activities within the municipality;  
9 restricting the purchase of pull-tabs by permittees, licensees, and vendors and  
10 their owners, managers, and employees; requiring receipts before prizes of \$50 or  
11 more may be awarded in pull-tab games; prohibiting distributors from supplying  
12 pull-tabs to vendors; relating to the distribution of pull-tabs from one distributor

1 to another distributor; requiring the registration of vendors and regulating  
2 activities involving them; requiring the licensing of out-of-state pull-tab  
3 manufacturers and increasing the annual licensing fee for pull-tab manufacturers;  
4 requiring the department regulating charitable gaming to approve contracts  
5 between permittees and operators before gaming may occur; preventing persons  
6 with felony convictions or convictions for crimes involving theft or dishonesty or  
7 a violation of gambling laws from being involved in charitable gaming activities  
8 as a permittee, licensee, vendor, person responsible for the operation of an  
9 activity, fund raiser or consultant of a licensee or vendor, or employee in a  
10 managerial or supervisory capacity, and providing exceptions for certain persons  
11 whose convictions are at least 10 years old and are not for violation of an  
12 unclassified felony described in AS 11, a class A felony, or extortion; relating to  
13 multiple-beneficiary charitable gaming permits and door prizes for charitable  
14 gaming; requiring operators to pay permittees at least 30 percent of the adjusted  
15 gross income from a pull-tab activity and limiting operators to expenses of not  
16 more than 70 percent of the adjusted gross income from that activity; requiring  
17 operators to pay permittees at least 10 percent of the adjusted gross income from  
18 a charitable gaming activity other than pull-tabs and limiting operators to  
19 expenses of not more than 90 percent of the adjusted gross income from that  
20 activity; requiring a permittee who uses a pull-tab vendor to enter into a  
21 contract with that vendor; requiring a vendor contracting with a permittee to pay  
22 the permittee at least 70 percent of the ideal net for each pull-tab series  
23 delivered to the vendor by the permittee; requiring that operators report an  
24 adjusted gross income of at least 15 percent of gross income; allowing the

1 commissioner regulating charitable gaming to issue orders prohibiting violations of  
2 state gaming laws; relating to the authority of the commissioner regulating  
3 charitable gaming to suspend or revoke a permit, license, or registration;  
4 prohibiting the payment of any portion of the net proceeds of a bingo or pull-  
5 tab game to a registered lobbyist; providing a penalty for false statements in  
6 gaming license applications; providing communities with the authority by local  
7 option election to prohibit charitable gaming within the community; and providing  
8 for an effective date."

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

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

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

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

15 (2) designates a member in charge and at least one alternate  
16 member in charge under AS 05.15.112 who have passed the examination required  
17 by AS 05.15.112 [THE ANNUAL PERMIT FEE IS

18 (1) \$20 FOR AN APPLICANT THAT DID NOT HOLD A PERMIT  
19 DURING THE PRECEDING YEAR;

20 (2) \$20 FOR AN APPLICANT THAT HAD GROSS RECEIPTS OF  
21 LESS THAN \$20,000 FROM ACTIVITIES CONDUCTED UNDER THIS CHAPTER  
22 DURING THE PRECEDING YEAR;

23 (3) \$50 FOR AN APPLICANT THAT HAD GROSS RECEIPTS OF  
24 \$20,000 OR MORE BUT NOT EXCEEDING \$100,000 FROM ACTIVITIES  
25 CONDUCTED UNDER THIS CHAPTER DURING THE PRECEDING YEAR; OR

26 (4) \$100 FOR AN APPLICANT THAT HAD GROSS RECEIPTS  
27 EXCEEDING \$100,000 FROM ACTIVITIES CONDUCTED UNDER THIS  
28 CHAPTER DURING THE PRECEDING YEAR].

- 1     \* **Sec. 2.** AS 05.15.020 is amended by adding a new subsection to read:
- 2                   (c) The annual permit fee under (a) of this section is
- 3                         (1) \$20 for an applicant that did not hold a permit during the preceding
- 4                         year;
- 5                         (2) \$20 for an applicant that had gross receipts of less than \$20,000
- 6                         from activities conducted under this chapter during the preceding year;
- 7                         (3) \$50 for an applicant that had gross receipts of \$20,000 or more but
- 8                         not exceeding \$100,000 from activities conducted under this chapter during the
- 9                         preceding year; or
- 10                        (4) \$100 for an applicant that had gross receipts exceeding \$100,000
- 11                        from activities conducted under this chapter during the preceding year.

- 12
- 13     \* **Sec. 3.** AS 05.15.060 is amended to read:
- 14                   Sec. 05.15.060. REGULATIONS. The department shall adopt regulations
- 15                   under the Administrative Procedure Act (AS 44.62) necessary to carry out this chapter
- 16                   covering, but not limited to,
- 17                         (1) the issuance, renewal, and revocation of permits, [AND] licenses,
- 18                         and vendor registrations;
- 19                         (2) a method of ascertaining net proceeds, the determination of items
- 20                         of expense that may be incurred or paid, and the limitation of the amount of the items
- 21                         of expense to prevent the proceeds from the activity permitted from being diverted to
- 22                         noncharitable, noneducational, nonreligious, or profit-making organizations, individuals,
- 23                         or groups;
- 24                         (3) the immediate revocation of permits, [AND] licenses, and vendor
- 25                         registrations authorized under this chapter if this chapter or regulations adopted under
- 26                         it are violated;
- 27                         (4) the requiring of detailed, sworn, financial reports of operations from
- 28                         permittees and licensees including detailed statements of receipts and payments;
- 29                         (5) the investigation of permittees, licensees, registered vendors, and
- 30                         their employees, including the fingerprinting of those permittees, licensees, registered
- 31                         vendors, and employees whom the commissioner considers it advisable to fingerprint;

1 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,  
2 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON  
3 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN  
4 THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING  
5 THEFT OR DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR  
6 FEDERAL GAMBLING LAW;

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

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

16 (8) [(9)] a method of accounting for receipts and disbursements by  
17 operators, including the keeping of records and requirements for the deposit of all  
18 receipts in a bank;

19 (9) [(10)] the disposition of funds in possession of a permittee, [OR]  
20 a person, municipality, or qualified organization that possesses an operator's license,  
21 or a registered vendor at the time a permit, [OR] a license, or a vendor registration  
22 is surrendered, revoked, or invalidated;

23 (10) [(11)] restrictions on the participation by employees of the  
24 Department of Fish and Game in salmon classics; and in king salmon classics, and by  
25 employees of Douglas Island Pink and Chum in king salmon classics;

26 (11) [(12)] other matters the commissioner considers necessary to carry  
27 out this chapter or protect the best interest of the public.

28 \* Sec. 4. AS 05.15.060 is amended by adding a new subsection to read:

29 (b) Regulations adopted by the department under this section relating to  
30 charitable gaming activity involving pull-tabs shall, to the extent permitted by this  
31 chapter, be consistent with the standards on pull-tabs of the North American Gaming

1           Regulators Association, as amended from time to time.

2   \* **Sec. 5.** AS 05.15.070 is amended to read:

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

8   \* **Sec. 6.** AS 05.15.100 is amended by adding a new subsection to read:

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

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

15          **Sec. 05.15.105. PERSONS PROHIBITED FROM INVOLVEMENT;**  
16          **EXCEPTIONS.** (a) If a person has been convicted of a violation of a law of this state  
17          that is, or a law or ordinance of another jurisdiction that would be if it had been  
18          committed in this state, a felony, or a violation of a law or ordinance of this state or  
19          another jurisdiction that is a crime involving theft or dishonesty or a violation of  
20          gambling laws

21                           (1) the department may not issue a license to the person;

22                           (2) the department may not issue a license to, or register as a vendor,  
23          an applicant who employs the person in a managerial or supervisory capacity or uses  
24          the person as a fund raiser or consultant;

25                           (3) the department may not issue a permit for an activity if the person  
26          is responsible for the operation of the activity;

27                           (4) the person may not be employed in a managerial or supervisory  
28          capacity by a licensee or vendor or used as a fund raiser or consultant by a licensee  
29          or vendor;

30                           (5) the person may not participate in charitable gaming as a permittee,  
31          licensee, or vendor.

1 (b) The department shall adopt regulations that provide that a disqualification  
2 of a person under (a) of this section based upon a conviction of that person for a  
3 violation

4 (1) of a law of this state that is, or a law or ordinance of another  
5 jurisdiction that would be if it was committed in this state, a class B felony other than  
6 extortion, a class C felony, or an unclassified felony described outside of AS 11, and  
7 that is not a crime of dishonesty or theft or a violation of gambling laws, terminates  
8 10 years after the person's conviction;

9 (2) of a law or ordinance of this state or another jurisdiction that is a  
10 crime involving theft or dishonesty or a violation of gambling laws, and that is not,  
11 or would not be if it was committed in this state, an unclassified felony described in  
12 AS 11, a class A felony, or extortion, terminates 10 years after the person's conviction,  
13 if the department determines that the

14 (A) person is of good character, honesty, and integrity; and

15 (B) person's involvement in charitable gaming is not against the  
16 public interest.

17 \* Sec. 8. AS 05.15.112(a) is amended to read:

18 (a) Each municipality or qualified organization that receives a permit under  
19 this chapter shall designate a member in charge. Municipalities and qualified  
20 organizations that hold a multiple-beneficiary permit shall jointly designate one  
21 member in charge.

22 \* Sec. 9. AS 05.15.112(a) is repealed and reenacted to read:

23 (a) Each municipality or qualified organization that applies for a permit under  
24 this chapter shall designate a member in charge and at least one alternate member in  
25 charge. The member in charge and alternate members in charge designated must have  
26 passed a test formulated by the department on the contents of this chapter and the  
27 regulations adopted under this chapter. The department shall administer the test at  
28 least four times a year. Municipalities and qualified organizations that hold a multiple  
29 beneficiary permit shall jointly designate one member in charge and at least one  
30 alternate member in charge.

31 \* Sec. 10. AS 05.15.112(b) is amended to read:

1 (b) The member in charge is responsible for preparation, maintenance, and  
2 transmittal of all records and reports required of the permittee. The member in charge  
3 shall be a member of the qualified organization or the board of directors of the  
4 qualified organization or an employee of the municipality. In the case of a multiple-  
5 beneficiary permit, the member in charge shall be a member of one of the  
6 qualified organizations or the board of directors of one of the qualified  
7 organizations or an employee of one of the municipalities.

8 \* Sec. 11. AS 05.15.112(b) is repealed and reenacted to read:

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

20 \* Sec. 12. AS 05.15.112(d) is amended to read:

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

24 \* Sec. 13. AS 05.15.112 is amended by adding a new subsection to read:

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

1 the permittee's permit is suspended until the requirements of this subsection are met.

2 \* Sec. 14. AS 05.15.115(d) is amended to read:

3 (d) A permittee shall submit by certified mail to the department for approval  
4 a copy of each contract with an operator with whom the permittee contracts to conduct  
5 activities subject to this chapter. The contract must meet the requirements of this  
6 section. The department shall approve or disapprove the contract. If the  
7 contract is disapproved, reasons for the disapproval shall be provided in writing  
8 to the permittee. Activities may not be conducted under the contract before the  
9 contract is approved. Subsequent amendments to an approved contract do not  
10 take effect until the amendments are approved by the department [THE  
11 PERMITTEE SHALL SUBMIT TO THE DEPARTMENT A COPY OF THE  
12 CONTRACT OR SUBSEQUENT AMENDMENT OF THE CONTRACT BY  
13 CERTIFIED MAIL AT LEAST 15 DAYS BEFORE ACTIVITIES ARE  
14 CONDUCTED UNDER THE CONTRACT OR AMENDED CONTRACT].

15 \* Sec. 15. AS 05.15.122(b) is amended to read:

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

- 18 (1) applies on the form provided by the department;  
19 (2) pays the annual fee of \$500;  
20 (3) discloses the identity of persons employed by the applicant in a  
21 managerial or supervisory capacity;  
22 (4) submits proof of liability insurance satisfactory to the department;

23 [AND]

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

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

1 \* **Sec. 16.** AS 05.15.124 is amended to read:

2           **Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS.** A  
3           municipality may by ordinance prohibit an operator or a vendor from conducting  
4           activities under this chapter within the municipality.

5 \* **Sec. 17.** AS 05.15.128(a) is amended to read:

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

7                   (1) report an adjusted gross income of at least 15 percent of gross  
8           income annually [FOR TWO CONSECUTIVE QUARTERS] based on the total  
9           operation of the operator; or

10                   (2) pay to each authorizing permittee annually [FOR TWO  
11           CONSECUTIVE QUARTERS] at least 30 percent of the adjusted gross income, as  
12           determined under (1) of this subsection, from a pull-tab activity or at least 10 [15]  
13           percent of the adjusted gross income, as determined under (1) of this subsection, from  
14           a gaming activity other than pull-tabs, received from activities conducted on behalf  
15           of the authorizing permittee.

16 \* **Sec. 18.** AS 05.15.140(b) is amended to read:

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

20                   (1) has been convicted of [, IN PRISON FOR, OR ON PAROLE FOR]  
21           a violation of a law of this state that is, or a law or ordinance of another state that  
22           would be if committed in this state, an unclassified felony described in AS 11, a  
23           Class A felony, extortion, or a violation of a law or ordinance of this state or  
24           another jurisdiction that is [WITHIN THE PRECEDING FIVE YEARS, OR  
25           CONVICTED OF] a crime involving theft or dishonesty or [OF] a violation of [A  
26           MUNICIPAL, STATE, OR FEDERAL] gambling laws [LAW]; or

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

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

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

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

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

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

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

21 \* Sec. 20. AS 05.15.150(a) is amended to read:

22 (a) The authority to conduct the activity authorized by this chapter is  
23 contingent upon the dedication of the net proceeds of the charitable gaming activity  
24 [RAFFLES OR CONTESTS] to the awarding of prizes to contestants or participants  
25 and to political, educational, civic, public, charitable, patriotic or religious uses in the  
26 state. "Political, educational, civic, public, charitable, patriotic, or religious uses" means  
27 uses benefiting persons either by bringing them under the influence of education or  
28 religion or relieving them from disease, suffering, or constraint, or by assisting them  
29 in establishing themselves in life, or by providing for the promotion of the welfare and  
30 well-being of the membership of the organization within their own community, or  
31 through aiding candidates for public office or groups that support candidates for public

1 office, or by erecting or maintaining public buildings or works, or lessening the burden  
2 on government, but does not include

3 (1) the direct or indirect payment of any portion of the net  
4 proceeds of a bingo or pull-tab game to a lobbyist registered under AS 24.45; or

5 (2) the erection, acquisition, improvement, maintenance, or repair of  
6 real, personal, or mixed property unless it is used exclusively for one or more of the  
7 permitted uses [STATED].

8 \* Sec. 21. AS 05.15.160 is amended by adding new subsections to read:

9 (c) The total amount of authorized expenses that may be incurred under (a) of  
10 this section in connection with a pull-tab activity may not exceed 70 percent of the  
11 adjusted gross income from that pull-tab activity.

12 (d) The total amount of authorized expenses that may be incurred under (a) of  
13 this section in connection with any gaming activity other than pull-tabs may not exceed  
14 90 percent of the adjusted gross income from that gaming activity.

15 \* Sec. 22. AS 05.15.170 is repealed and reenacted to read:

16 Sec. 05.15.170. SUSPENSION OR REVOCATION OF PERMIT, LICENSE,  
17 OR VENDOR REGISTRATION. (a) The department may suspend, for a period of  
18 up to one year, or revoke a permit, license, or vendor registration, after giving notice  
19 to and an opportunity to be heard by the permittee or licensee, if the permittee,  
20 licensee, or vendor

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

23 (2) breaches a contractual agreement with a permittee, licensee, or  
24 registered vendor;

25 (3) becomes disqualified to participate in charitable gaming as provided  
26 in AS 05.15.105; for the purposes of this paragraph, a permittee, licensee, or vendor  
27 that is not a natural person is considered convicted if an owner or manager of the  
28 permittee, licensee, or vendor is convicted; or

29 (4) knowingly submits false information to the department or, in the  
30 case of a registered vendor, to a permittee when the vendor knows that the false  
31 information will be submitted to the department as part of an application for

1 registration;

2 (5) gives or acts upon any inside information on the status of the prizes  
3 awarded or to be awarded in a pull-tab game.

4 (b) If the department revokes a license or vendor registration under this  
5 section, it may prohibit the licensee or vendor from reapplying for a license or vendor  
6 registration for a period of not more than five years. If the department revokes a  
7 permit under this section, it may prohibit the permittee from reapplying for a permit  
8 for a period of not more than one year.

9 \* Sec. 23. AS 05.15.180(d) is amended to read:

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

14 \* Sec. 24. AS 05.15.180(e) is amended to read:

15 (e) The total value of all door prizes offered or awarded at a single facility or  
16 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A  
17 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed  
18 \$20,000 a month or \$240,000 a year.

19 \* Sec. 25. AS 05.15.180(g) is amended to read:

20 (g) A municipality or a qualified organization may award a maximum of  
21 \$1,000,000 in prizes each year in activities authorized under this chapter; however, if  
22 a municipality or a qualified organization contracts with an operator to conduct on its  
23 behalf activities authorized under this chapter, the municipality or qualified  
24 organization may award a maximum of \$500,000 in prizes each year. The holders of  
25 a multiple-beneficiary permit under AS 05.15.100(d) may award a maximum in  
26 prizes each year of \$1,000,000 times the number of holders of the permit for  
27 activities authorized under this chapter. In this subsection "activities authorized  
28 under this chapter" means all activities subject to this chapter other than bingo.

29 \* Sec. 26. AS 05.15.181(a) is amended to read:

30 (a) A person may not manufacture pull-tabs in the state, and may not sell or  
31 distribute a pull-tab that the person has manufactured outside of the state to

1        persons in the state, unless the person has received a pull-tab manufacturer's license  
2        issued by the department.

3        \* **Sec. 27.** AS 05.15.181(b) is amended to read:

4                (b) The department may issue a pull-tab manufacturer's license to a person  
5        who pays an annual fee of \$2,500 [\$500].

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

7                (e) A distributor may not

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

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

10                      (3) deliver a pull-tab series to a vendor.

11

12        \* **Sec. 29.** AS 05.15.185 is amended to read:

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

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

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

20                      (3) a distributor licensed under this chapter.

21        \* **Sec. 30.** AS 05.15.187(e) is amended to read:

22                (e) Pull-tabs may not be sold to a person under the age of 21 [19] years. A  
23        person under the age of 21 [19] years may not purchase a pull-tab.

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

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

1           a multiple-beneficiary permit.

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

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

7                   (i) A permittee, operator, or registered vendor may not turn over a prize of \$50  
8                   or more to a person with a pull-tab card entitling the person to that prize unless the  
9                   person signs a receipt for the prize and returns the receipt to the permittee, operator,  
10                  or vendor. The receipt must be in a form approved by the department.

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

12                   Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF  
13                   PERMITTEES; VENDOR REGISTRATION. (a) A permittee may contract with a  
14                   vendor to sell pull-tabs on behalf of the permittee, if the permittee first registers the  
15                   vendor with the department by applying for registration on a form prescribed by the  
16                   department and by submitting the registration fee of \$50 for each location at which the  
17                   vendor will sell pull-tabs.

18                   (b) Upon approval of the vendor registration, the department shall issue an  
19                   endorsement to the permittee's permit that authorizes the conduct of pull-tab sales at  
20                   that vendor location.

21                   (c) The endorsement issued under (b) of this section is an extension of the  
22                   permittee's privilege under AS 05.15.100 to conduct pull-tab sales in this state. A  
23                   vendor may not sell a pull-tab series until a copy of the permit containing the  
24                   endorsement for the new vendor location has been posted by the permittee in the  
25                   registered vendor establishment. The endorsed permit must be clearly visible to the  
26                   gaming public.

27                   (d) A separate endorsement shall be issued for each vendor location. The  
28                   permittee shall inform the department when a vendor with whom the permittee is  
29                   contracting changes the physical location at which pull-tabs are sold, and shall return  
30                   to the department all copies of a permit endorsed to a vendor that is no longer selling  
31                   pull-tabs on behalf of the permittee. Failure to inform the department of a change in

1 vendor location, or to return the endorsed copies of a permit to the department after  
2 a vendor change, may constitute grounds for the suspension or revocation of a  
3 permittee's permit.

4 (e) At the time that a permittee annually renews its permit, it shall also renew  
5 the registration of all locations where a vendor is selling pull-tabs on the permittee's  
6 behalf and shall pay a registration fee of \$50 for each vendor location.

7 (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into  
8 a written contract with that vendor. The department may inspect this contract. If the  
9 contract contains provisions that violate this chapter or the regulations adopted under  
10 it, the department may declare the contract void, and may suspend or revoke the  
11 registration of the vendor and the permit of the permittee.

12 (g) A person, other than a permittee's member-in-charge, may not directly  
13 supply a pull-tab series to a registered vendor for sale by that vendor on behalf of the  
14 permittee.

15 (h) If a permittee contracts with a vendor under (a) of this section, the contract  
16 must provide that the permittee shall receive no less than 70 percent of the ideal net.

17 (i) An amount equal to the ideal net less the compensation owed to the vendor  
18 shall be paid by the vendor to the member-in-charge upon delivery of a pull-tab series  
19 to the vendor for sale. The amount required to be paid by the vendor shall be paid by  
20 check and the check may not be drawn in a manner that the payee is not identified.

21 (j) An operator may not contract with or use a vendor to sell pull-tabs.

22 (k) A permittee may not contract with more than five vendors under this  
23 section.

24 \* Sec. 34. AS 05.15 is amended by adding new sections to read:

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

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

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

12 Sec. 05.15.197. PROHIBITION OF CHARITABLE GAMING. (a) The  
13 following question, appearing alone, may be placed before the voters of a municipality  
14 or an established village in accordance with AS 05.15.198: "Shall charitable gaming  
15 in . . . . . (name of municipality or village) be prohibited? (yes or no)".

16 (b) The following question, appearing alone, may be placed before the voters  
17 of a municipality or an established village in accordance with AS 05.15.198: "Shall  
18 pull-tab sales in . . . . . (name of municipality or village) be prohibited? (yes  
19 or no)."

20 (c) If a majority of the voters vote "yes" on the question set out in (a) or (b)  
21 of this section, the department shall be notified immediately after certification of the  
22 results of the election and thereafter the department may not issue a license, permit,  
23 or vendor registration authorizing charitable gaming or pull-tab sales, as appropriate,  
24 within the boundaries of a municipality and in unincorporated areas within five miles  
25 of the boundaries of the municipality or within the perimeter of an established village.  
26 As necessary to implement the results of an election under (a) or (b) of this section,  
27 existing licenses, permits, and vendor registrations for charitable gaming or pull-tab  
28 sales within the boundaries of a municipality and in unincorporated areas within five  
29 miles of the boundaries of the municipality or within the perimeter of an established  
30 village are void 90 days after the results of the election are certified. A license or  
31 vendor registration that will expire during the 90 days after the results of a local option

1 election under this section are certified is void as of the expiration date.

2 Sec. 05.15.198. PROCEDURE FOR LOCAL OPTION ELECTIONS. (a) The  
3 local governing body of a municipality, whenever a number of registered voters equal  
4 to at least 10 percent of the number of votes cast at the last regular municipal election  
5 petition the local governing body to do so, shall place upon a separate ballot at the  
6 next regular election or at a special election the question set out in AS 05.15.197 that  
7 is the subject of the petition. The local governing body shall conduct the election in  
8 accordance with the election ordinance of the municipality.

9 (b) The lieutenant governor, whenever 10 percent of the registered voters  
10 residing within an established village petition the lieutenant governor to do so, shall  
11 place upon a separate ballot at a special election the question set out in AS 05.15.197  
12 that is the subject of the petition. The lieutenant governor shall conduct the election  
13 in the manner prescribed by AS 15 (Alaska Election Code).

14 (c) Notwithstanding any other provisions of law, an election under (a) or (b)  
15 of this section to remove a restriction on charitable gaming imposed under  
16 AS 05.15.197 may not be conducted more than once every 12 months.

17 (d) AS 29.26.110 - 29.26.160 apply to a petition under (a) of this section in  
18 a general law municipality except the

19 (1) number of required signatures is determined under (a) of this  
20 section rather than under AS 29.26.130;

21 (2) application filed under AS 29.26.110 must contain the question set  
22 out under AS 05.15.197 rather than containing an ordinance or resolution;

23 (3) petition must contain the question set out under AS 05.15.197 rather  
24 than material required under AS 29.26.120(a)(1) and (2).

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

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

30 \* Sec. 36. AS 05.15.210 is amended by adding new paragraphs to read:

31 (36) "established village" means an unincorporated community that is

1 in  
2 (A) the unorganized borough and that has 25 or more permanent  
3 residents; or  
4 (B) an organized borough, has 25 or more permanent residents;  
5 and  
6 (i) is on a road system and is located more than 50  
7 miles outside the boundary limits of a unified municipality; or  
8 (ii) is not on a road system and is located more than 15  
9 miles outside the boundary limits of a unified municipality;  
10 (37) "fund raiser or consultant" means a person who provides advice  
11 or technical assistance in support of or concerning the conduct of gaming activities  
12 under this chapter, whether the person is or is not an employee of a licensee;  
13 (38) "governing body" has the meaning given in AS 29.71.800.  
14 (39) "ideal net" means an amount equal to the total amount of receipts  
15 that would be received if every individual pull-tab ticket in a series were sold at face  
16 value, less the prizes to be awarded for that series;  
17 (40) "managerial or supervisory capacity" means that the employee  
18 (A) is responsible for gaming receipts;  
19 (B) has the authority to hire employees or to dismiss or  
20 otherwise discipline them;  
21 (C) prepares financial reports required under this chapter;  
22 (D) is responsible for keeping the accounts for activities under  
23 this chapter;  
24 (E) is responsible for conducting activities under this chapter,  
25 including the arranging for locations at which those activities will occur; or  
26 (F) is a fund raiser or a consultant;  
27 (41) "permittee" means a municipality or a qualified organization that  
28 holds a valid permit under AS 05.15.100;  
29 (42) "vendor" means a business whose primary activity is not regulated  
30 by this chapter but that  
31 (A) is engaged in the sale of pull-tabs on behalf of a permittee;

1 (B) holds a business license under AS 43.70; and  
2 (C) the business is an establishment holding a  
3 (i) beverage dispensary license under AS 04.11.090 that  
4 has not been designated by the Alcoholic Beverage Control Board under  
5 AS 04.16.049(a)(2) - (3), has not been exempted by the Department of  
6 Labor under AS 04.16.049(c) and AS 23.10.355, and if the  
7 establishment is a hotel, motel, resort, or similar business that caters to  
8 the traveling public as a substantial part of its business, does not allow  
9 the sale of pull-tabs in a dining room, banquet room, guest room, or  
10 other public areas other than a room in which there is regularly  
11 maintained a fixed counter or service bar at which alcoholic beverages  
12 are sold or served to members of the public for consumption;  
13 (ii) an establishment holding a package store license  
14 under AS 04.11.150.  
15 \* Sec. 37. AS 05.15.122(c), 05.15.122(d), and 05.15.140(c) are repealed.  
16 \* Sec. 38. TRANSITIONAL PROVISION. The Department of Commerce and Economic  
17 Development shall prepare the tests required by AS 05.15.112(a), as amended by sec. 9 of this  
18 Act, and by AS 05.15.122(b), as amended by sec. 15 of this Act, so that they may first be  
19 offered no later than January 1994.  
20 \* Sec. 39. Except for secs. 1, 2, 9, 11, 13, 15, 17, and 21 of this Act, this Act takes effect  
21 immediately under AS 01.10.070(c).  
22 \* Sec. 40. Sections 17 and 21 of this Act take effect January 1, 1994.  
23 \* Sec. 41. Sections 1, 2, 9, 11, 13, and 15 of this Act take effect January 1, 1995.  
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