

SENATE BILL NO. 200

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY SENATOR JACKO

Introduced: 4/15/93
Referred: FINANCE**A BILL****FOR AN ACT ENTITLED**

1 "An Act allowing the holders of a multiple-beneficiary charitable gaming permit
2 that consists entirely of noncommercial broadcasting stations or networks of such
3 stations to sell a pull-tab series at more than one location during the same day
4 if the sales are made at the customary business location of one or more of the
5 holders, at another location by an employee of one of the stations or networks,
6 or by a registered vendor; allowing permittees that are noncommercial
7 broadcasting stations or networks of such stations to contract with vendors to sell
8 pull-tabs on behalf of the permittee at retail establishments, eating establishments,
9 and establishments with liquor licenses; allowing municipalities to prohibit vendors
10 from conducting gaming activities within the municipality; relating to reports by
11 the commissioner regulating charitable gaming to the legislature; requiring
12 registration of vendors; relating to multiple-beneficiary charitable gaming permits

1 and door prizes for charitable gaming; preventing persons with felony convictions
2 or convictions for crimes involving theft or dishonesty or a violation of gambling
3 laws from being involved in charitable gaming activities as a permittee, licensee,
4 vendor, person responsible for an activity, fund raiser or consultant of a licensee,
5 or employee in a managerial or supervisory capacity and providing exceptions for
6 certain persons whose convictions are at least 10 years old and are not for
7 violation of an unclassified felony described in AS 11, a class A felony, or
8 extortion; prohibiting a prize or award of more than \$250,000 in a pull-tab game
9 that provides a right to participate in a lottery; requiring a vendor contracting
10 with a permittee to pay the permittee at least 50 percent of the ideal net for
11 each pull-tab series delivered to the vendor by the permittee; and providing for
12 an effective date."

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

14 * Section 1. AS 05.15.060 is amended to read:

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

18 (1) the issuance, renewal, and revocation of permits, [AND] licenses,
19 and vendor registrations;

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

25 (3) the immediate revocation of permits, [AND] licenses, and vendor
26 registrations authorized under this chapter if this chapter or regulations adopted under
27 it are violated;

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

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

6 (6) [EXCLUSION FROM PARTICIPATION AS A PERMITTEE,
7 LICENSEE, OR EMPLOYEE OF A PERMITTEE OR LICENSEE, OF A PERSON
8 CONVICTED OF, IN PRISON FOR, OR ON PAROLE FOR A FELONY WITHIN
9 THE PRECEDING FIVE YEARS, OR CONVICTED OF A CRIME INVOLVING
10 THEFT OR DISHONESTY OR OF A VIOLATION OF A MUNICIPAL, STATE, OR
11 FEDERAL GAMBLING LAW;

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

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

21 (8) [(9)] a method of accounting for receipts and disbursements by
22 operators, including the keeping of records and requirements for the deposit of all
23 receipts in a bank;

24 (9) [(10)] the disposition of funds in possession of a permittee, [OR]
25 a person, municipality, or qualified organization that possesses an operator's license,
26 or a registered vendor at the time a permit, [OR] a license, or a vendor registration
27 is surrendered, revoked, or invalidated;

28 (10) [(11)] restrictions on the participation by employees of the
29 Department of Fish and Game in salmon classics; and in king salmon classics, and by
30 employees of Douglas Island Pink and Chum in king salmon classics;

31 (11) [(12)] other matters the commissioner considers necessary to carry

1 out this chapter or protect the best interest of the public.

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

3 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commis-
4 sioner may examine or have examined the books and records of a permittee, an
5 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. 3. AS 05.15.090 is amended to read:

9 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15 of each
10 year the commissioner shall submit a detailed report containing a (1) summary of all
11 reports required of permittees, vendors, and operators, and (2) review of all activities
12 conducted under AS 05.15.187(h). The attorney general and the commissioner of
13 public safety shall, within 10 days after the convening of the legislature each year,
14 submit a jointly prepared, detailed report outlining the effect, if any, of the operation
15 of this chapter on the legal and law enforcement activities of the state.

16 * Sec. 4. AS 05.15.090 is repealed and reenacted to read:

17 Sec. 05.15.090. REPORTS TO THE LEGISLATURE. Before April 15 of each
18 year the commissioner shall submit a detailed report containing a summary of all
19 reports required of permittees, vendors, and operators. The attorney general and the
20 commissioner of public safety shall, within 10 days after the convening of the
21 legislature each year, submit a jointly prepared, detailed report outlining the effect, if
22 any, of the operation of this chapter on the legal and law enforcement activities of the
23 state.

24 * Sec. 5. AS 05.15.100 is amended by adding a new subsection 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
27 municipalities and qualified organizations that apply jointly for the permit. The permit
28 gives the permit holders the privilege of jointly conducting the activities specified in
29 (a) and (b) of this section, subject to the restrictions set out in (b) of this section.

30 * Sec. 6. AS 05.15 is amended by adding a new section to read:

31 Sec. 05.15.105. PERSONS PROHIBITED FROM INVOLVEMENT;

1 **EXCEPTIONS. (a) If a person has been convicted of a violation of a law of this state**
2 **that is, or a law or ordinance of another jurisdiction that would be if it had been**
3 **committed in this state, a felony, or a violation of a law or ordinance of this state or**
4 **another jurisdiction that is a crime involving theft or dishonesty or a violation of**
5 **gambling laws**

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

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

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

12 (4) the person may not be employed in a managerial or supervisory
13 **capacity by a licensee or vendor or used as a fund raiser or consultant by a licensee**
14 **or vendor;**

15 (5) the person may not participate in charitable gaming as a permittee,
16 **licensee, or vendor.**

17 (b) The department shall adopt regulations that provide that a disqualification
18 **of a person under (a) of this section based upon a conviction of that person for a**
19 **violation**

20 (1) of a law of this state that is, or a law or ordinance of another
21 **jurisdiction that would be if it was committed in this state, a class B felony other than**
22 **extortion, a class C felony, or an unclassified felony described outside of AS 11, and**
23 **that is not a crime of dishonesty or theft or a violation of gambling laws, terminates**
24 **10 years after the person's conviction;**

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

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

31 (B) person's involvement in charitable gaming is not against the

1 public interest.

2 * Sec. 7. AS 05.15.112(a) is amended to read:

3 (a) Each municipality or qualified organization that receives a permit under
4 this chapter shall designate a member in charge. Municipalities and qualified
5 organizations that hold a multiple-beneficiary permit shall jointly designate one
6 member in charge.

7 * Sec. 8. AS 05.15.112(b) is amended to read:

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

15 * Sec. 9. AS 05.15.112(d) is amended to read:

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

19 * Sec. 10. AS 05.15.124 is amended to read:

20 Sec. 05.15.124. MUNICIPAL REGULATION OF OPERATORS. A
21 municipality may by ordinance prohibit an operator or a vendor from conducting
22 activities under this chapter within the municipality.

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

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

1 may be issued or renewed.

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

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

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

15 * Sec. 12. 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. 13. 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. 14. 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. 15. 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. 16. AS 05.15.183 is amended by adding a new subsection to read:

30 (e) A distributor may not

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

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

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

3 * Sec. 17. AS 05.15.187(f) is amended to read:

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

12 * Sec. 18. AS 05.15.187(g) is amended to read:

13 (g) Notwithstanding other provisions of this chapter, a pull-tab game that
14 confers an additional right upon all or some of the purchasers of a pull-tab series to
15 participate in a lottery for additional prizes may not be conducted in the state unless

16 (1) a surety bond in the amount of \$250,000 conditioned upon payment
17 of all prizes and awards when due is submitted to the department by the operator or
18 authorizing permittee and approved by the attorney general; and

19 (2) each prize or award under the pull-tab series or the lottery does
20 not exceed \$250,000.

21 * Sec. 19. AS 05.15.187 is amended by adding a new subsection to read:

22 (h) Notwithstanding (b) of this section, the department shall allow the
23 permittees of a multiple-beneficiary charitable gaming permit that is held solely by
24 noncommercial broadcasting stations or networks of those stations to sell a pull-tab
25 series at more than one location during the same day if the sales are made

26 (1) at the customary place of business of one or more of the
27 participating stations or networks;

28 (2) at another location if the sales are made by an employee of one of
29 the stations or networks; or

30 (3) by a registered vendor.

31 * Sec. 20. AS 05.15 is amended by adding a new section to article 2 to read:

1 Sec. 05.15.188. PULL-TAB SALES BY VENDORS ON BEHALF OF
2 PERMITTEES THAT ARE NONCOMMERCIAL BROADCASTING STATIONS OR
3 NETWORKS OF SUCH STATIONS; VENDOR REGISTRATION. (a) A permittee
4 that is a noncommercial broadcasting station or a network of such stations may
5 contract with a vendor to sell pull-tabs on behalf of the permittee, if the permittee first
6 registers the vendor with the department by applying for registration on a form pre-
7 scribed by the department and by submitting the registration fee of \$50 for each
8 location at which the vendor will sell pull-tabs.

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

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

18 (d) A separate endorsement shall be issued for each vendor location. The
19 permittee shall inform the department when a vendor with whom the permittee is
20 contracting changes the physical location at which pull-tabs are sold, and shall return
21 to the department all copies of a permit endorsed to a vendor that is no longer selling
22 pull-tabs on behalf of the permittee. Failure to inform the department of a change in
23 vendor location, or to return the endorsed copies of a permit to the department after
24 a vendor change, may constitute grounds for the suspension or revocation of a
25 permittee's permit.

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

29 (f) A permittee that uses a vendor to sell pull-tabs on its behalf shall enter into
30 a written contract with that vendor. The department may inspect this contract. If the
31 contract contains provisions that violate this chapter or the regulations adopted under

1 it, the department may declare the contract void, and may suspend or revoke the
2 registration of the vendor and the permit of the permittee.

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

6 (h) If a permittee contracts with a vendor under (a) of this section, the contract
7 must provide that the permittee shall receive no less than 50 percent of the ideal net.

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

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

13 * Sec. 21. AS 05.15.200(b) is amended to read:

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

18 * Sec. 22. AS 05.15.210 is amended by adding new paragraphs to read:

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

22 (37) "noncommercial broadcasting station" means a radio or television
23 station that is licensed by the Federal Communications Commission to a governmental
24 entity or to an entity that is exempt from federal taxation under 26 U.S.C. 501(c)(3)
25 (Internal Revenue Code);

26 (38) "vendor" means a business whose primary activity is not regulated
27 by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,
28 holds a business license under AS 43.70, and is

29 (A) a retail establishment;

30 (B) an eating establishment; or

31 (C) an establishment licensed under AS 04.11.

- 1 * Sec. 23. AS 05.15.187(h) is repealed July 1, 1996.
- 2 * Sec. 24. Except for sec. 4 of this Act, this Act takes effect immediately under
- 3 AS 01.10.070(c).
- 4 * Sec. 25. Section 4 of this Act takes effect July 1, 1996.