

**CS FOR SENATE BILL NO. 200(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 4/18/93**  
**Referred: RULES**

**Sponsor(s): SENATOR JACKO**

**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; requiring at least 50 percent of the net  
10 proceeds of certain activities conducted by noncommercial broadcasting stations and  
11 networks of those stations be placed in an endowment fund, the earnings of  
12 which may be used for the purposes, and under the procedures, provided by law;

1 allowing municipalities to prohibit vendors from conducting gaming activities within  
2 the municipality; relating to reports by the commissioner regulating charitable  
3 gaming to the legislature; requiring registration of vendors; relating to multiple-  
4 beneficiary charitable gaming permits and door prizes for charitable gaming;  
5 preventing persons with certain convictions from being involved in charitable  
6 gaming activities as a vendor: prohibiting a pull-tab game that provides a right  
7 to participate in a lottery if a prize or award in the lottery exceeds \$250,000;  
8 requiring a vendor contracting with a permittee to pay the permittee at least 50  
9 percent of the ideal net for each pull-tab series delivered to the vendor by the  
10 permittee; and providing for an effective date."

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

12 \* Section 1. AS 05.15.060 is amended to read:

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

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

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

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

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

28 (5) the investigation of permittees, licensees, registered vendors, and

1 their employees, including the fingerprinting of those permittees, licensees, registered  
2 vendors, and employees whom the commissioner considers it advisable to fingerprint;

3 (6) exclusion from participation as a permittee, licensee, vendor, or  
4 employee of a permittee, [OR] licensee, or vendor of a person convicted of, in prison  
5 for, or on parole for a felony within the preceding five years, or convicted of a crime  
6 involving theft or dishonesty or of a violation of a municipal, state, or federal  
7 gambling law;

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

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

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

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

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

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

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

30 Sec. 05.15.070. EXAMINATION OF BOOKS AND RECORDS. The commis-  
31 sioner may examine or have examined the books and records of a permittee, an

1 operator, a registered vendor, or a person licensed to manufacture or to distribute  
2 pull-tab games in the state. The commissioner may issue subpoenas for the attendance  
3 of witnesses and the production of books, records, and other documents.

4 \* Sec. 3. AS 05.15.090 is amended to read:

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

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

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

20 \* Sec. 5. AS 05.15.100 is amended by adding a new subsection to read:

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

26 \* Sec. 6. AS 05.15.112(a) is amended to read:

27 (a) Each municipality or qualified organization that receives a permit under  
28 this chapter shall designate a member in charge. Municipalities and qualified  
29 organizations that hold a multiple-beneficiary permit shall jointly designate one  
30 member in charge.

31 \* Sec. 7. 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. 8. AS 05.15.112(d) is amended to read:

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

12 \* Sec. 9. AS 05.15.124 is amended to read:

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

16 \* Sec. 10. AS 05.15 is amended by adding a new section to read:

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

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

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

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

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

8 \* Sec. 11. AS 05.15.180(d) is amended to read:

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

13 \* Sec. 12. AS 05.15.180(e) is amended to read:

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

18 \* Sec. 13. AS 05.15.180(g) is amended to read:

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

28 \* Sec. 14. AS 05.15.183 is amended by adding a new subsection to read:

29 (e) A distributor may not  
30 (1) take an order for the purchase of a pull-tab series from a vendor;  
31 (2) sell a pull-tab series to a vendor; or

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

2 \* Sec. 15. AS 05.15.187(f) is amended to read:

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

11 \* Sec. 16. AS 05.15.187(g) is amended to read:

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

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

18 (2) each prize or award under the lottery does not exceed \$250,000.

19 \* Sec. 17. AS 05.15.187 is amended by adding a new subsection to read:

20 (h) Notwithstanding (b) of this section, the department shall allow the  
21 permittees of a multiple-beneficiary charitable gaming permit that is held solely by  
22 noncommercial broadcasting stations or networks of those stations to sell a pull-tab  
23 series at more than one location during the same day if the sales are made (1) at the  
24 customary place of business of one or more of the participating stations or networks;  
25 (2) at another location if the sales are made by an employee of one of the stations or  
26 networks; or (3) by a registered vendor. Not less than 50 percent of the net proceeds  
27 from an activity conducted under this subsection must be placed by the noncommercial  
28 broadcasting stations or networks of those stations in an endowment fund, the earnings  
29 of which may be used, for the purposes and uses, and under the procedures, provided  
30 in AS 05.15.150.

31 \* Sec. 18. 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. 19. 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. 20. 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. 21. AS 05.15.187(h) is repealed July 1, 1996.
- 2 \* Sec. 22. Except for sec. 4 of this Act, this Act takes effect immediately under
- 3 AS 01.10.070(c).
- 4 \* Sec. 23. Section 4 of this Act takes effect July 1, 1996.