

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

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

**EIGHTEENTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Amended: 4/21/93**

**Offered: 4/18/93**

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

1 municipalities to prohibit vendors from conducting gaming activities within the  
2 municipality; relating to reports by the commissioner regulating charitable gaming  
3 to the legislature; requiring registration of vendors; relating to multiple-beneficiary  
4 charitable gaming permits and door prizes for charitable gaming; preventing  
5 persons with certain convictions from being involved in charitable gaming activities  
6 as a vendor; prohibiting a pull-tab game that provides a right to participate in  
7 a lottery if a prize or award in the lottery exceeds \$250,000; requiring a vendor  
8 contracting with a permittee that is a noncommercial broadcasting station or a  
9 network of such stations to pay the permittee at least 80 percent of the ideal  
10 net for each pull-tab series delivered to the vendor by the permittee; and  
11 providing for an effective date."

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

13 \* Section 1. 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

- 1        permittees and licensees including detailed statements of receipts and payments;
- 2                    (5) the investigation of permittees, licensees, registered vendors, and
- 3        their employees, including the fingerprinting of those permittees, licensees, registered
- 4        vendors, and employees whom the commissioner considers it advisable to fingerprint;
- 5                    (6) exclusion from participation as a permittee, licensee, vendor, or
- 6        employee of a permittee, [OR] licensee, or vendor of a person convicted of, in prison
- 7        for, or on parole for a felony within the preceding five years, or convicted of a crime
- 8        involving theft or dishonesty or of a violation of a municipal, state, or federal
- 9        gambling law;
- 10                   (7) the method and manner of conducting authorized activities and
- 11        awarding of prizes or awards, and the equipment that may be used;
- 12                   (8) the number of activities that may be held, operated, or conducted
- 13        under a permit during a specified period; however, the department may not allow more
- 14        than 14 bingo sessions a month and 35 bingo games a session to be conducted under
- 15        a permit; the holders of a multiple-beneficiary permit under AS 05.15.100(d) may
- 16        hold, operate, or conduct the number of sessions and games a month equal to the
- 17        number allowed an individual permittee per month multiplied by the number of
- 18        holders of the multiple-beneficiary permit;
- 19                   (9) a method of accounting for receipts and disbursements by operators,
- 20        including the keeping of records and requirements for the deposit of all receipts in a
- 21        bank;
- 22                   (10) the disposition of funds in possession of a permittee, [OR] a
- 23        person, municipality, or qualified organization that possesses an operator's license, or
- 24        a registered vendor at the time a permit, [OR] a license, or a vendor registration
- 25        is surrendered, revoked, or invalidated;
- 26                   (11) restrictions on the participation by employees of the Department
- 27        of Fish and Game in salmon classics; and in king salmon classics, and by employees
- 28        of Douglas Island Pink and Chum in king salmon classics;
- 29                   (12) other matters the commissioner considers necessary to carry out
- 30        this chapter or protect the best interest of the public.

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

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

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

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

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

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

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

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

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

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

1 member in charge.

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (d) The total value of door prizes offered or awarded under authority of a  
12 permit issued to a municipality or qualified organization under this chapter or under  
13 authority of a multiple-beneficiary permit may not exceed \$20,000 a month or  
14 \$240,000 a year.

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

16 (e) The total value of all door prizes offered or awarded at a single facility or  
17 bingo hall or parlor by an operator on behalf of authorizing permittees [OR BY A  
18 PERMITTEE IN CONJUNCTION WITH OTHER PERMITTEES] may not exceed  
19 \$20,000 a month or \$240,000 a year.

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

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

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

31 (e) A distributor may not

- 1 (1) take an order for the purchase of a pull-tab series from a vendor;  
2 (2) sell a pull-tab series to a vendor; or  
3 (3) deliver a pull-tab series to a vendor.

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

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

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

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

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

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

21 \* Sec. 17. 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 (1) at the  
26 customary place of business of one or more of the participating stations or networks;  
27 (2) at another location if the sales are made by an employee of one of the stations or  
28 networks; or (3) by a registered vendor. If the sales under this section are made by  
29 a registered vendor, the contract between the permittees and the vendor must provide  
30 that the permittees shall receive no less than 80 percent of the ideal net. Not less than  
31 50 percent of the net proceeds from an activity conducted under this subsection must

1 be placed by the noncommercial broadcasting stations or networks of those stations in  
2 an endowment fund, the earnings of which may be used, for the purposes and uses,  
3 and under the procedures, provided in AS 05.15.150.

4 \* Sec. 18. AS 05.15 is amended by adding a new section to article 2 to read:

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

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

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

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

30 (e) At the time that a permittee annually renews its permit, it shall also renew  
31 the registration of all locations where a vendor is selling pull-tabs on the permittee's

1           **behalf and shall pay a registration fee of \$50 for each vendor location.**

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

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

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

14           **(i) An operator may not contract with or use a vendor to sell pull-tabs.**

15           **\* Sec. 19. AS 05.15.200(b) is amended to read:**

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

20           **\* Sec. 20. AS 05.15.210 is amended by adding new paragraphs to read:**

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

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

28           **(38) "vendor" means a business whose primary activity is not regulated**  
29           **by this chapter but that is engaged in the sale of pull-tabs on behalf of a permittee,**  
30           **holds a business license under AS 43.70, and is a retail establishment or an eating**  
31           **establishment, and the establishment is not licensed under AS 04.11.090 or 04.11.150.**

- 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.