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COMMITTEE REPORT

HOUSE

(5)

FURTHER: JUDICIARY

1/11/82

Date: 1-19-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had HB 640

"An Act relating to games of chance and contests of skill; and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]
[Signature]
[Signature]
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature] (No line)

[Signature]
 CHAIRMAN

NO 200
Substantive
null
Relating to
of skill

Labor & Commerce 198

cf: HB623 qual also

**PASSED
OUT AS CS-1-20-**

Date Filed 1-11-82

" Rec'd. 1-14-82

Referral - Judiciary

Comm. hearing - 1-19-82 - teleconference

" action passed as CS by all members

but Bylaws NO REC.

Prima Notified
Comm. Williams



Brad Bradley for Vets organization
Elks - American Legion - V.F.W.
A.V.S.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

March 2, 1982

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

The annual report on Games of Chance and Skill, as required by AS 05.15.090; is enclosed. Also enclosed is a supplemental report for 1980 which summarizes all 1980 financial statements received through March 2, 1982.

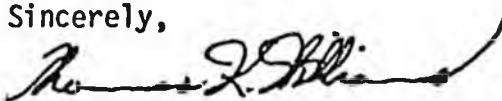
A total of 622 permits were issued for 1981 with 347 permittees having filed the required financial statements. The Department is requiring financial statements from those who have not reported.

Permit fees and the 1% net proceeds are projected to exceed \$40,000 for 1981. The permit fee scale continues to cover the cost of Administration and no change is recommended.

The Department adopted Emergency Regulations 15 AAC 105.(5)(L) and (M) on September 11, 1982. This Regulation allowed Pull Tabs to be used for the period ending December 31, 1981. Pull Tabs used in the past were illegal. Some Pull Tab fees had been reported under Bingo activity. The Regulation created some confusion in the reporting of Pull Tab fees for 1981 with some fees still reported under Bingo and others under Raffles and Lotteries. The proper reporting of Pull Tab fees under Raffles and Lotteries has caused some permittees to exceed the \$30,000 prize limit established by 15 AAC 105.120(4). The Department is presently reviewing reports to determine the extent of this problem. No decision has been reached on handling violations. The estimated gross receipts from Pull Tabs reported thus far is \$1,990,528 or 15% of the total gross receipts reported for 1981.

A supplemental report for 1981 will be prepared and submitted next year.

Sincerely,



Thomas K. Williams
Commissioner
Department of Revenue
(907)465-2300

Enclosures

REPORT TO THE LEGISLATURE

MARCH 2, 1982

Summary of the 1981 annual financial statement reports required of permittees of Authorized Games of Chance and Skill.

TOTAL APPLICATIONS RECEIVED: 650

TOTAL APPLICATIONS REJECTED: 28

(Note: Can be rejected for more than 1 reason)

(1) Non-qualified Organization	<u>18</u>
(2) Non-authorized Activity	<u>0</u>
(3) Unacceptable Dedication of Proceeds	<u>0</u>
(4) Disapproved by Local Authorities	<u>0</u>
(5) Failure to submit Permit Fee	<u>6</u>
(6) Failure to submit prior year Financial Stmt.	<u>7</u>

TOTAL PERMITS ISSUED: 622

TOTAL FEES COLLECTED: \$33,006.

622 Permits Issued @ \$20 - - - - - \$12,440.
 28 Permits Denied - - - - - \$ 420.
 1% Net Proceeds Fee recd. to 2/22/82) - 20,146.

PERMITS REVOKED: 3

Reason: Decision organizations not qualified

PERMITS SUSPENDED: 2

Reason: Failure to file prior year Financial Statement

ACTIVITIES AUTHORIZED:

(Note: Some permits authorize two or more activities)

(1) Bingo	<u>339</u>
(2) Raffles & Lotteries	<u>542</u>
(3) Ice Classics	<u>2</u>
(4) Rain Classics	<u>7</u>
(5) Dog Musers Contests	<u>41</u>
(6) Fish Derbies	<u>37</u>
(7) Contests of Skill	<u>177</u>

PERMIT TYPE	GROSS RECEIPTS	NET PROCEEDS FOR DONATIONS
BINGO	\$ 9,536,143.	\$ 1,492,297.
RAFFLES & LOTTERIES	\$ 2,706,071.	\$ 423,490.
* GAMES OF SKILL & MISCELLANEOUS GAMES	\$ 527,854.	\$ 100,831.
TOTALS	\$12,770,068.	\$ 2,016,618.

* Includes Ice Classics, Rain Classics, Dog Races, Fish Derbies

REPORT TO THE LEGISLATURE

SUPPLEMENT TO REPORT OF MARCH 2, 1981

Summary of the 1980 annual financial statement reports required of permittees of Authorized Games of Chance and Skill.

TOTAL APPLICATIONS RECEIVED: 619

TOTAL APPLICATIONS REJECTED: 41

(Note: Can be rejected for more than 1 reason)

(1) Non-qualified Organization	<u>29</u>
(2) Non-authorized Activity	<u>-</u>
(3) Unacceptable Dedication of Proceeds	<u>4</u>
(4) Disapproved by Local Authorities	<u>-</u>
(5) Failure to submit Permit Fee	<u>9</u>
(6) Failure to submit prior year Financial Stmt.	<u>7</u>

TOTAL PERMITS ISSUED: 578

TOTAL FEES COLLECTED: \$40,055.00

578 Applications @ \$20	- - - - - \$11,560.
Rejected Applications	- - - - - \$ 670.
1% of Net Proceeds	- - - - - \$27,825.

PERMITS REVOKED: -0-

Reason: _____

PERMITS SUSPENDED: -0-

Reason: _____

ACTIVITIES AUTHORIZED:

(Note: Some permits authorize two or more activities)

(1) Bingo	<u>325</u>
(2) Raffles & Lotteries	<u>517</u>
(3) Ice Classics	<u>2</u>
(4) Rain Classics	<u>13</u>
(5) Dog Musher's Contests	<u>41</u>
(6) Fish Derbies	<u>45</u>
(7) Contests of Skill	<u>76</u>

PERMIT TYPE	GROSS RECEIPTS	NET PROCEEDS FOR DONATIONS
BINGO	\$ 14,989,159.	\$ 2,363,388.
RAFFLES & LOTTERIES	\$ 1,776,609.	\$ 337,627.
GAMES OF SKILL & MISCELLANEOUS GAMES	\$ 875,924.	\$ 112,542.
TOTALS	\$ 17,641,692	\$ 2,813,557.

* Includes Ice Classics, Rain Classics, Dog Races, Fish Derbies

LOYAL ORDER of MOOSE

ANCHORAGE LODGE NO. 1534



For paper file
4211 ARCTIC BLVD.
99503
Anchorage, Alaska

21 January 1982

Anchorage, Alaska

Representative Dick Randolph
Alaska State Legislature
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Representative Randolph:

Thank you very much for your letter explaining the problems surrounding the use of "pull-tabs" and other games of skill and chance for raising funds for charitable purposes.

We certainly agree with your analysis of the problem and the value of changing the regulations. Our Lodge has in the past made a considerable number of contributions, quite significant in their total, to local community service and charitable groups. These funds have come almost exclusively from the proceeds of our pull-tab program. In point of fact, all proceeds were used exclusively for charitable contributions.

We wish to encourage you to take those steps you feel appropriate to the end, to modify the regulations that prevent us from conducting a pull-tab program.

Due to the lack of any evidence of any clear and present danger to the citizens of our State posed by a pull-tab game of chance and our desire to use the proceeds for the betterment of the citizens of our State, we whole-heartedly support a change in the regulations to allow their use.

Certainly, we would be willing to cooperate and comply with any reasonable reporting requirements for the purpose of insuring the proceeds are indeed being used to cover only the expenses associated with the program and those charitable purposes already noted.

If we can help in any way, please contact us at 4211 Arctic Blvd, Anchorage, 99503, 272-4752.

Respectfully yours,

Melvin L. Bunch
Melvin L. Bunch, Governor

James E. Fox
James E. Fox, Secretary

CC: Governor Jay Hammond
Lt. Governor Miller
Alaska Senate Members
✓ Alaska House Members

Please put in my file of HB 640

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

January 20, 1982

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

The Honorable Terry Martin, Chairman
House Labor & Commerce Committee
Room 211 - Behrends Building
Juneau, AK 99811

Dear Representative Martin:

HOUSE BILL NO. 640 AND HOUSE BILL NO. 623

Pursuant to your request at the committee hearing yesterday, I have prepared the attached schedule, reflecting the estimated effect of continuing the ban on the sale of pull-tabs by games of chance and skill permits. The figures are based on the financial statements submitted by such permittees for calendar years 1978, 1979 and 1980, and indicate an estimated net proceeds from pull-tabs of slightly less than \$1 million a year. This is of necessity a very rough estimate.

Since pull-tabs have not been recognized as a legal game of chance, the Department has no firm data on the dollar volumes generated by pull-tabs for those years. This information was requested for 1981, and the available information received to date indicates pull-tabs as approximately 26% of the total gross receipts. We do not feel that this is a true representation of the whole, and find no reason to disagree with the testimony presented and the correspondence received by the Department indicating that pull-tabs represent approximately 50% of gross receipts to those permittees selling pull-tabs. The projected net proceeds reflect an assumption that the expenses related directly to the sale of pull-tabs are proportional to the expenses related directly to bingo. Since most permittees previously included their pull-tab receipts in either bingo or lottery receipts, I have applied the 50% assumed ratio to the total of gross receipts and net proceeds from those two categories.

I would like to take this opportunity to add my agreement with those testifying as to the effect of Section 3 of House Bill No. 640. The current version would provide a limitation on the price to participate in any lottery which is presumably not the intent of the legislation.

Thank you again, for the opportunity to comment on this legislation.

Sincerely,

Joseph K. Donohue

Joseph K. Donohue
Deputy Commissioner, Taxation

JKD:EJ:jg

ESTIMATED PROCEEDS FROM THE SALE OF PULL-TABS

	<u>1978</u>	<u>1979</u>	<u>1980</u>
Reported Gross Receipts from Bingo/Lotteries	\$10,294,002	\$11,944,918	\$12,963,136
Estimated Gross Receipts from Pull-Tabs	\$5,147,001	\$5,972,459	\$6,481,568
Reported Net Proceeds from Bingo/Lotteries	\$1,702,978	\$2,108,454	\$1,991,733
Estimated Net Proceeds from Pull-Tabs	\$851,489	\$1,054,227	\$995,867

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

January 19, 1982

The Honorable Terry Martin
Chairman
House Labor & Commerce Committee
Room 211 - Behrends Building
Juneau, AK 99811

Dear Mr. Martin:

Re: House Bill No. 640

House Bill No. 640, an Act relating to games of chance and contests of skill, was introduced in the House on January 11, 1982, and was referred to the House Labor & Commerce and Judiciary Committees.

For consideration of the House Labor & Commerce Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Ervin B. Jones, Supervisor, Audit Division, Department of Revenue, concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

RDS:jas

Enclosure

cc: The Honorable Ramona L. Barnes
Chairwoman
House Judiciary Committee

Joseph K. Donohue
Deputy Commissioner, Taxation
Department of Revenue

Ervin B. Jones, Supervisor
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 640

Title "An Act relating to games of chance and contests of skill; and
Repealing ~~providing for an effective date~~ Date January 18, 1982

Requested by: House Labor and Commerce

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, Or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						


III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See attached memo to R. D. Stevenson, dated January 18, 1982.

IV. DATE January 18, 1982 PREPARED BY Ervin B. Jones
AGENCY Audit Division
Original: Legislative Finance PHONE 465-2320
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

R.D. Stevenson
Legislative Assistant

January 18, 1982


Ervin Jones
Office Audit Manager
Audit Division

HB 640
(Labor and Commerce)

This bill proposes to amend three sections of AS 05.15.

The effect of these proposed changes is to considerably broaden the privileges granted with the issuance of a games of chance and skill permit. The original language of AS 05.15.100 limited the games of chance to only those activities listed (i.e., bingo, raffles, lotteries, ice classics, rain classics, dog mushers' contests and fish derbies). New games of chance would have to then be allowed under one of those listed. The proposed language removes that limitation and taken in context with sections 2 and 3 of the bill, would allow any game of chance which could be contrived where the element of chance and luck is foremost, regardless of whether those games of chance existed in Alaska prior to statehood. Since the original intent of the legislation was to permit continuance of those gaming activities after statehood which existed in territorial days, this change is a considerable divergence.

The only remaining limitation would be the limitation on use of gambling implements found in AS 05.15.180(a). This would presumably prevent the introduction of casino type hardware and coin operated video games as games of chance, but would not prevent the legal introduction of games of chance such as can be contrived by profit-seeking individuals and nonprofit organizations striving to maximize their take in an extremely competitive industry.

If the author's intent is simply to legalize pull-tabs, I would recommend this bill to legal counsel to arrive at a simpler way of accomplishing that goal without opening Pandora's box.

EJ:jg

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

January 19, 1982

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Chairman
House Labor & Commerce Committee
Room 211 - Behrends Building
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Sincerely,



R. D. Stevenson
Special Assistant

RDS:jas

Enclosure

cc: The Honorable Ramona L. Barnes
Chairwoman
House Judiciary Committee

Joseph K. Donohue
Deputy Commissioner, Taxation
Department of Revenue

Ervin B. Jones, Supervisor
Audit Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 640

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Requested by providing for an effective date Date January 18, 1982

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II. FISCAL DETAIL

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(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) None

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See attached memo to R. D. Stevenson, dated January 18, 1982.

IV. DATE January 18, 1982

PREPARED BY Ervin B. Jones

AGENCY Audit Division

Original: Legislative Finance
Budget and Management

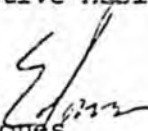
PHONE 465-2320

Prime Sponsor (First Legislator Named)

Rev. 12/81)

E.D. Stevenson
Legislative Assistant

January 18, 1982


Ervin Jones
Office Audit Manager
Audit Division

HB 640
(Labor and Commerce)

This bill proposes to amend three sections of AS 05.15.

The effect of these proposed changes is to considerably broaden the privileges granted with the issuance of a games of chance and skill permit. The original language of AS 05.15.100 limited the games of chance to only those activities listed (i.e., bingo, raffles, lotteries, ice classics, rain classics, dog mushers' contests and fish derbies). New games of chance would have to then be allowed under one of those listed. The proposed language removes that limitation and taken in context with sections 2 and 3 of the bill, would allow any game of chance which could be contrived where the element of chance and luck is foremost, regardless of whether those games of chance existed in Alaska prior to statehood. Since the original intent of the legislation was to permit continuance of those gaming activities after statehood which existed in territorial days, this change is a considerable divergence.

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EJ:jg

Rodgers moved
Randolph second

officer

Passed

Introduced: 1/11/82
Referred: Labor and Commerce
and Judiciary

1 IN THE HOUSE

BY RANDOLPH, MOSS AND O'CONNELL

2 HOUSE BILL NO. 640

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to games of chance and contests of
7 skill; and providing for an effective date."

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

9 * Section 1. AS 05.15.100 is amended to read:

10 Sec. 05.15.100. COMMISSIONER OF REVENUE MAY ISSUE PERMITS. The
11 commissioner of revenue may issue a permit to a qualified organization.
12 The permit gives the organization the privilege of conducting games of
13 chance and contests of skill including bingo, raffles and lotteries, ice
14 classics, rain classics, dog mushers' contests, and fish derbies [AND
15 CONTESTS OF SKILL].

16 * Sec. 2. AS 05.15.180(b) is amended to read:

17 (b) With the exception of ga of chance [RAFFLES, LOTTERIES AND
18 RAIN CLASSICS], no activity may be licensed under this chapter unless it
19 existed in the state in substantially the same form and was conducted in
20 substantially the same manner before January 1, 1959.

21 * Sec. 3. AS 05.15.210 is amended by adding a new paragraph to read:

22 (22) "game of chance" means a game in which the skill and
23 experience of the player is secondary to purely fortuitous or accidental
24 circumstances incidental to the game and includes ~~raffles and lotteries~~
25 ~~and~~ pull-tab and punchboard games in which the price of each chance is
26 \$1 or less, *and raffles and lotteries.*

27 * Sec. 4. Sections 1 - 3 of this Act are retroactive to January 1, 1982.

28 * Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).