

CSSB
549
(FIN)

ANALYSIS:

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerating growth expected. There is a definite need to provide for some control before it reaches a level that would prohibit any control.

The change in fee structure provided for in this legislation would allow funds for an educational enforcement program. The field investigators would review gaming operations holding permits to ensure proper operation. The tax examiners will be used to issue permits and review financial statements, ensuring proper use of funds derived from gaming.

CSSB 549 (Finance)
Public Services Division BRU
Fiscal Note Analysis

Administration of Games of Chance and Contests of Skill (AS 05.15) rests with the Public Services Division. Essentially, no field enforcement has been employed in past years. Gambling in Alaska has grown substantially in recent years with an even more accelerating growth expected. There is a definite need to provide for some control before it reaches a level that would prohibit any control.

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100 PERSONAL SERVICES

1	Investigator III	(\$3249 @ 12 mos.)	\$ 50,159
3	Investigator II	(\$2573 @ 36 mos.)	120,434
3	Tax Examiner II	(\$1973 @ 36 mos.)	94,446
1	Clerk Typist III	(\$1553 @ 12 mos.)	<u>25,273</u>

Total Annual Wages & Benefits \$290,312

200 TRAVEL

Estimate \$12,000 per field Investigator for mileage, travel and per diem. 48,000

300 CONTRACTUAL

4 Terminals, Printer and Central Processing Unit allocation	\$ 57,876
Cost of initial programing and set up	25,000
Printing cost for forms etc	6,000
Office space rent	<u>19,200</u>

Total Annual Contractual Obligations 108,076

400 SUPPLIES

Miscellaneous stationery and office supplies 4,000

500 EQUIPMENT

Office equipment (desk, chairs, filing cabinets etc.) 12,800

Total \$463,188

Offered: 5/24/84

Original sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE RULES COMMITTEE

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CS FOR SENATE BILL NO. 549 (Rules)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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THIRTEENTH LEGISLATURE - SECOND SESSION

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A BILL

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

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

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* Section 1. AS 05.15.020 is repealed and reenacted to read:

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Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permitted under this chapter may not be conducted unless an annual permit issued by the department is first obtained and a fee of \$50 is paid to the department.

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(b) A qualified operator may conduct an activity permitted under this chapter for a municipality or qualified organization if an annual operator's permit issued by the department is first obtained, a fee of \$200 is paid to the department and a bond or other security acceptable to the department is filed with the department for 10 percent of the amount of prizes and net proceeds estimated to be paid for the calendar year. The operator's permit is in addition to the permit required to be obtained by the municipality or qualified organization on whose behalf the operator conducts the activity.

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(c) An additional fee of one and one-half percent of the gross receipts from an activity permitted under this chapter shall be paid to the department by each municipality or qualified organization annually except that a qualified operator shall be liable for the additional fee for activities conducted by the qualified operator on behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS, REQUIRED
26 APPROVALS, AND PROTESTS. (a) At the time of filing an initial or
27 renewal application the applicant shall notify the city or borough
28 nearest to the location of the proposed activity of the application
29 and the location at which the proposed activity will be conducted.

1 (b) A local government is required to approve by resolution an
2 initial permit application for conducting bingo games, selling pull-
3 tabs, or holding special-draw games in its jurisdiction. The commis-
4 sioner shall define special-draw games in regulations adopted under
5 the Administrative Procedure Act (AS 44.62). The approval, which may
6 be granted at the discretion of the governing body, shall accompany
7 the initial license application to the commissioner. The commissioner
8 may not issue a permit for an activity in a jurisdiction which has not
9 approved the activity as required under this subsection.

10 (c) A local government may protest the conduct of an activity in
11 its jurisdiction, including the renewal of a permit for which initial
12 approval was required under (b) of this section, by filing with the
13 commissioner a resolution stating the reasons for the protest. Pro-
14 tests are limited to the lack of qualifications prescribed by this
15 chapter or a finding that the proposed activity would not be in the
16 best interests of the public. This resolution is only a recommenda-
17 tion by the city that may be considered by the commissioner in the
18 commissioner's determination to issue or refuse to issue a permit.

19 (d) If a permittee relocates within the same city or borough for
20 which approval has been granted, the permittee shall notify the de-
21 partment and the city or borough within 30 days of its move to the new
22 location.

23 (e) If a permittee intends to conduct an activity in a city or
24 borough in addition to a jurisdiction for which approval has been
25 granted, the permittee shall file an application with the department
26 and shall notify the city or borough nearest to the new location
27 before conducting the activity at the new location. An activity may
28 not be conducted in the additional or new jurisdiction before approval
29 by the commissioner.

1 (f) The commissioner may limit the locations in which activities
2 under this chapter may be conducted as required to protect the best
3 interest of the public.

4 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

5 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
6 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
7 regulations necessary to carry out this chapter covering but not
8 limited to the control and issuance of permits, authorized expenses,
9 investigations of permittees, recordkeeping and accounting, prizes,
10 equipment, audits of authorized activities, suspension or revocation
11 of permits and other matters that the commissioner considers necessary
12 to carry out this chapter or protect the best interest of the public.

13 * Sec. 5. AS 05.15.070 is amended to read:

14 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
15 The commissioner may examine or have examined the books and records of
16 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
17 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue
18 subpoenas for the attendance of witnesses and the production of books,
19 records, and other documents.

20 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

21 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
22 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
23 ified organization conducting an activity authorized under this chap-
24 ter shall file a report with the department no later than the last
25 business day of the month following the month in which an activity was
26 conducted. The report must include the type of activity conducted,
27 the date and location of the activity, the amount of gross receipts,
28 the amount of authorized expenses, the value of prizes awarded, the
29 amount of net proceeds and other information the commissioner may

1 require by regulation.

2 (b) A municipality or qualified organization conducting an
3 activity authorized under this chapter shall file an annual report
4 with the department no later than January 31 of the year following the
5 year in which activities were conducted, accompanied by the payment of
6 the additional fee as required under AS 05.15.020(c). The report must
7 list the types of activities conducted, and, for each activity, the
8 total amount of gross receipts, the total amount of authorized ex-
9 penses, the total value of prizes, and the total amount of net pro-
10 ceeds. The report must also include the disposition or intended
11 disposition of the net proceeds.

12 * Sec. 7. AS 05.15 is amended by adding new sections to read:

13 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
14 OPERATORS. (a) A qualified operator shall file a report with the
15 department no later than the last business day of the month following
16 the month in which an activity was conducted. The report shall be
17 divided into sections for each municipality and qualified organization
18 on whose behalf an activity was conducted and must include the date
19 and location of each activity, the type of activity conducted, the
20 amount of gross receipts, the amount of authorized expenses, the value
21 of prizes awarded, the amount of net proceeds paid to the municipality
22 or qualified organization on whose behalf the activity was conducted
23 and other information the commissioner may require by regulation.

24 (b) A qualified operator shall file an annual report with the
25 department no later than January 31 of the year following the year in
26 which activities were conducted, accompanied by the payment of the
27 additional fee as required under AS 05.15.020(c). The report must
28 list the types of activities conducted, the municipalities and qual-
29 ified organizations on whose behalf the activities were conducted, the

1 total gross receipts, the total authorized expenses, the total prizes
2 and the total net proceeds turned over to each municipality and qual-
3 ified organization.

4 (c) A municipality or qualified organization that authorizes a
5 qualified operator to conduct activities authorized under this chapter
6 shall file an annual report with the department no later than
7 January 31 of the year following the year in which the activities were
8 conducted. The report must list each activity conducted, the autho-
9 rized representative for the municipality or qualified organization,
10 the qualified operator conducting the activity, the date and location
11 of each activity and the net proceeds received from the qualified
12 operator for the activity.

13 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
14 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
15 and reports required under this chapter shall be filed under penalty
16 of perjury and signed by a bona fide member in good standing of the
17 qualified organization or a person authorized to sign on behalf of a
18 municipality.

19 (b) The commissioner may grant an extension for the filing of a
20 report required under this chapter upon showing by the permittee of
21 reasonable cause for delay. The extension may not be granted in
22 excess of 30 days and the report will not be considered delinquent
23 during the period of the extension. An extension of time for the
24 payment of the license fee is prohibited.

25 (c) A permittee is not authorized to conduct an activity under
26 this chapter during any period in which a report or license fee is
27 delinquent.

28 (d) A delinquent license fee shall bear interest at the rate
29 provided for in AS 43.05.225.

1 * Sec. 8. AS 05.15.160 is amended to read:

2 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
3 may not be incurred or paid in connection with the operation of an
4 activity under a permit issued under this chapter except for bona fide
5 expenses reasonably necessary for

6 (1) goods, wares, and merchandise necessary for the opera-
7 tion of the activity;

8 (2) personal services rendered that are not directly or
9 indirectly involved with the operation of the activity; or

10 (3) personal services involved with the operation of the
11 activity provided the services are performed by an employee of the
12 municipality, qualified organization, qualified operator or a consul-
13 tant hired by the municipality or qualified organization conducting
14 the activity, provided the consultant is not directly involved in the
15 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
16 RECEIPTS FROM THE ACTIVITY].

17 * Sec. 9. AS 05.15.160 is amended by adding new subsections to read:

18 (b) The annual authorized expenses under (a) of this section may
19 not exceed 25 percent of the annual gross receipts from activities
20 authorized under this chapter.

21 (c) The annual net proceeds for a qualified organization from
22 activities authorized under this chapter may not be less than 25
23 percent of the annual gross receipts.

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

25 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
26 may not operate an activity for more than one authorizing permittee in
27 any 24 hour period.

28 (b) A qualified operator is required to pay the authorizing
29 permittee the net proceeds from an activity within 15 calendar days

1 from the date of the activity. The payment shall be made by check and
2 the qualified operator shall obtain a signed receipt from the autho-
3 rizing permittee. The authorizing permittee shall keep a copy of the
4 receipt for its records.

5 (c) The net proceeds of an activity that shall be paid by the
6 qualified operator to the authorizing permittee shall be the gross
7 receipts from the activity reduced by the license fee based on the
8 gross receipts, the authorized expenses provided for under AS 05.15.-
9 160(a) and the prizes awarded at the activity.

10 (d) An authorizing permittee shall designate a representative,
11 who is a bona fide member in good standing of the qualified organiza-
12 tion or a person designated by the municipality, to be its agent in
13 working with the qualified operator. The representative shall have
14 access to all books and records of the qualified operator relevant to
15 the activity, including the amounts of gross receipts, authorized
16 expenses and prizes awarded. The commissioner may order the produc-
17 tion of the books and records of a qualified operator that are not
18 voluntarily made available to the representative under regulations
19 adopted by the department.

20 (e) If the department finds that a qualified operator has in-
21 curred expenses that are not authorized under AS 05.15.160(a), or has
22 incurred expenses in excess of the amount authorized under AS 05.15.-
23 160(b), or has paid an authorizing permittee less than the minimum
24 amount of net proceeds provided for under AS 05.15.160(c), the depart-
25 ment shall order the qualified operator to refund to the authorizing
26 permittee the amount of the unauthorized expenses or the difference
27 between the minimum amount of net proceeds under AS 05.15.160(b) and
28 the amount of the net proceeds actually paid, whichever is greater.
29 The qualified operator shall pay the authorizing permittee interest on

1 the amount ordered to be paid at the rate of 1.5 percent a month for
2 each month or fraction of a month between the date of the operation of
3 the activity and the date the refund is made.

4 (f) The name of the qualified operator and the name of each
5 authorizing permittee on whose behalf an activity is being conducted
6 shall be disclosed in all advertising. The qualified operator shall
7 post its operator's permit and a copy of the permit of the authorizing
8 permittee at the location of the activity conducted by the qualified
9 operator.

10 * Sec. 11. AS 05.15.200 is amended by adding a new subsection to read:

11 (c) The commissioner may assess a penalty in the manner provided
12 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
13 has failed to timely pay a license fee required under AS 05.15.020(c),
14 unless it is shown that the failure was due to reasonable cause.

15 * Sec. 12. AS 05.15.210(15) is repealed and reenacted to read:

16 (15) "net proceeds" means the gross receipts from the activ-
17 ity reduced by the license fee based on the gross receipts, the au-
18 thorized expenses provided for under AS 05.15.160(a) and the prizes
19 awarded at the activity;

20 * Sec. 13. AS 05.15.210 is amended by adding new subsections to read:

21 (24) "authorizing permittee" means a municipality or qual-
22 ified organization that has authorized a qualified operator to conduct
23 activities authorized under a permit issued by the commissioner under
24 this chapter on its behalf;

25 (25) "commissioner" means the commissioner of revenue;

26 (26) "department" means the Department of Revenue;

27 (27) "permittee" means a municipality, qualified organiza-
28 tion or qualified operator that has been issued a permit to conduct
29 the activities authorized under this chapter;

1 (28) "qualified operator" means a municipality or qualified
2 organization that has been authorized by the commissioner to operate
3 the activities authorized under this chapter on behalf of another
4 permittee.

5 * Sec. 14. An organization which was conducting bingo games, selling
6 pulltabs, or holding special-draw games before the effective date of this
7 Act is not required to have its existing location or locations approved by
8 a local government under AS 05.15.030(b).

9 * Sec. 15. This Act takes effect July 1, 1984.

AMENDMENT

by Bettisworth, Lindauer
Ward, Furnace
Grussendorf

TO: CS FOR SENATE BILL NO. 549 (RULES)

Add new sections 15 and 16 and renumber subsequent sections:

Sec. 15 AS 05.15.210 (15) is repealed and reenacted as follows:

"qualified organization" means a bona fide civic or service organization or a bona fide religious, charitable, fraternal, labor, political, or educational organization, police or fire department company, dog mushers' association, or fishing-derby association in the state, which operates without profits to its members and which has been in existence continually for a period of two years immediately before applying for a license; the organization may be a firm, corporation, company, association or partnership;

Sec. 16 AS 05.15.210 (21) is repealed and reenacted as follows:

"political organization" means an organization or club organized under or formally affiliated with a candidate or potential candidate, or a political party as defined in AS 15.60.010.

Renumber subsequent sections accordingly.

Senator Ferguson's Office
5/28/84

CS for SB549 (Rules)

Bingo and other games of chance and skill are expected to gross over 35 million dollars this year for various Alaskan charitable and civic organizations. Due to the severe cutbacks in federal aid, many of these organizations have found themselves increasingly dependent upon the funds generated by bingo and associated games to finance their programs.

Unfortunately, outdated laws and a lack of enforcement personnel have led to illegal and improper practices becoming commonplace in recent years. Because of this, representatives of the Cook Inlet Native Association approached the Legislature and the Department of Revenue. They were fearful that if these abuses were not corrected, some scandal might cause the legislature to totally eliminate bingo as a source of funds for civic and charitable programs.

This legislation is an effort to provide workable rules for charitable gambling in Alaska and to eliminate the abuses now occurring. It will neither increase or decrease the number of organizations eligible for permits. It does not put undue hardship on the small bingo games run by churches or by the neighborhood American Legion.

It will bring the law up to date and help ensure that the proceeds of charitable gambling in Alaska are actually used to benefit the programs of the nonprofit organizations as the Legislature intended. It provides for adequate enforcement and auditing and, by means of a 1½% gross receipts tax, repays the state for that activity. It helps reduce the opportunity for criminal involvement or fraud. It requires bingo operators to publically list what organization operates and benefits from a game and it requires some simple bookkeeping measures to help ensure the honesty of the games. This bill would also establish some means of local control.

In the Senate, this bill had extensive hearings in the Finance Committee and an additional hearing in the Rules Committee. CSSB 549(Rules) passed the Senate 15 to 3. The House State Affairs Committee held its hearing on this bill Saturday. There has been no testimony in opposition to this legislation in any hearing. This legislation, in its current version, is supported by the Department of Revenue and by the organizations which first asked for reform of the existing laws.

ALASKA DEPARTMENT OF REVENUE

POSITION PAPER

SB 549 and proposed CSSB 549 (Finance)—An Act relating to games of chance and contests of skill; and providing for an effective date.

The Department of Revenue has assisted the Community and Regional Affairs Committee in drafting these Bills and supports the legislation. If passed, the legislation would allow qualified operators to conduct games and contests on behalf of other organizations. The accompanying fiscal note would fund a licensing and enforcement program in the Department of Revenue to ensure the lawful disposition of the proceeds from the activities and that games are operated legally and fairly.

THERE ARE NO PROVISIONS IN THE PRESENT LAW FOR AN OPERATOR TO CONDUCT AN ACTIVITY ON BEHALF OF ANOTHER PERMITTEE.

Permit holders are the only ones authorized to conduct activities under current law. If a permittee allows its permit to be used by another organization, the permit may be revoked. Payments to operators are not authorized expenses and therefore compound the illegality. Nevertheless, operators are openly operating in Alaska. The Department of Revenue is responsible for the enforcement of the games of chance and contests of skill provisions but does not have funding in its budget for this function.

EFFECT OF THE PASSAGE OF THIS LEGISLATION.

The proposed legislation would allow municipalities and qualified organizations to operate activities for other permit holders. Those operators which are currently operating illegally would be legalized providing they could qualify for their own permit as a municipality or qualified organization. All other operators would continue to be illegal.

The proposed legislation has several safeguards to protect the permittee using an operator. Examples are the provisions regarding accountability for expenses, payment within 15 days of the activity, the posting of a bond or other security, and payment with interest if the Department finds that the proper amount of net proceeds have not been paid by the operator.

The fiscal note attached to the Bill would provide a unit within the Public Services Division of the Department of Revenue which would monitor and enforce authorized gambling activity in the State. This unit would inspect gaming operations and audit the records to ensure compliance with the law.

2d CSSB 549 (Rules)
Summary of Changes To Present Law

Section 1 would repeal and reenact AS 05.15.020.

Present Law: -Annual permit required for activities
-\$20 application fee
-Additional fee of 1% of net proceeds paid by permit holder
-No provisions for an operator's permit

Proposed Changes: -Annual permit required for activities
-\$50 application fee for permit
-\$200 application fee for operator's permit
-Posting of bond or other security by operator
-Additional fee of 1.5% of gross receipts to be paid by permittee operating own games or by operator

Section 2 adds a new section, AS 05.15.025.

Present Law: -No provision for a license fee by local governments

Proposed Changes: -Boroughs and organized cities outside of boroughs could impose a fee of up to 1/2% of the gross receipts
-Department would collect the fee

Section 3 repeals and reenacts AS 05.15.030.

Present Law: -Notification of local governments required
-Local governments can protest only on the basis of the applicant's lack of qualifications

To compensate the general fund for the costs of the enforcement program, the proposed legislation provides for a 1.5% license fee on the gross receipts of the authorized activities. This fee would be paid by a permittee conducting its own activities or by the operator conducting activities for another permittee.

In addition to the fees due the State, the legislation would allow local governments to enact a local fee which may not exceed 0.5% of the gross receipts. Though not designated specifically in the legislation, a local government could use the revenue from its fee to defray additional municipal costs associated with gambling such as those for increased police protection and traffic control. The Department of Revenue would collect the fee for each municipality.

The proposed legislation would give a local government the opportunity to protest against a permit for an activity to be conducted within its jurisdiction if it found that the activity would not be in the best interests of the public. At the present time, local governments may only protest the lack of qualifications of the permit applicant. The Department of Revenue could limit the areas in the State in which an activity under a permit could be conducted.

For more information, please contact:

Alaska Department of Revenue
Martin J. Richard, Director
Division of Public Services
Pouch SA
Juneau, AK 99811

Telephone: 465-2392

2d CSSB 549 (Rules)
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Present Law: -Notification of local governments required
-Local governments can protest only on the basis of the applicant's lack of qualifications

- Proposed Changes: -Local government would have to approve the operation of bingo, pull-tabs and special-draw raffles before commissioner could issue initial permit
- Adds that a local government may protest any renewal application and an original application for which approval is not necessary based on the best interests of the community
- Commissioner could restrict locations of games

Section 4 repeals and reenacts AS 05.15.060.

No substantive changes between current and proposed law. Repeal and reenactment is proposed only to simplify the language.

Section 5 deletes a portion of AS 05.15.070.

Present Law: -Commissioner may charge permittees cost of the examination

Proposed Changes: -Deletes the power to charge for examination

Section 6 repeals and reenacts AS 05.15.080.

Present Law: -Annual report by January 31 to city or borough clerk nearest to location of activity

-Reports income, authorized expenses and disbursements of net proceeds

Proposed Changes: -Monthly reports to the state on activities conducted by organizations

-Annual report to State by January 31 of summary of prior year's activities

-Fee to be paid with annual report

Section 7 adds two new sections, AS 05.15.085 and AS 05.15.086.

Present law contains no provisions for games conducted by operators.

Proposed Changes: AS 05.15.085

- This is a new section for reports on games conducted by operators
- Monthly reports to State required on activities conducted for other organizations
- Operators to file annual reconciliation by January 31 of the succeeding year and pay the gross receipts fee
- Organizations using operators must file an annual report by January 31 of the succeeding year

AS 05.15.086

- All applications and reports to be file under penalty of perjury
- Reports must be signed by a bona fide member in good standing of the permittee or operator
- Commissioner may grant filing extensions but not extensions for the payment of fees
- Automatic suspension of activities if a report or fee is delinquent
- Delinquent fees bear interest at the rate provided for delinquent taxes

Section 8 amends AS 05.15.160.

Present Law: -Payments to employees of operators are not authorized expenses

-Payments to consultants cannot be related to the receipts of the authorized activity

Proposed Changes: -Payments to employees of qualified operators would be authorized expenses

-Consultants could be paid out of the receipts of an activity

Section 9 adds two new subsections to AS 05.15.160.

Present Law: -Current regulations limit Bingo prizes to \$1,000 per game not to exceed \$5,000 per session

-Current regulations limit annual prizes for raffles and lotteries to \$200,000

-Present law sets no limit on the amount of authorized expenses which may be incurred and no minimum amount of net proceeds which should be generated

Proposed Changes: -Limit annual authorized expenses to 25% of gross receipts

-Annual net proceeds may not be less than 25% of the gross receipts

Section 10 adds a new section, AS 05.15.165.

Present law contains no provisions for games conducted by operators.

Proposed Changes: -Qualified operators may operate for only one authorizing permittee in any 24 hour period

-The authorizing permittee must be paid its net proceeds within 15 days of the activity

-The operator must pay to the authorizing permittee the gross receipts reduced by the amount of the gross receipts fee, authorized expenses and prizes

-Authorizing permittee must designate a representative which would have access to the operator's books for its activities.

-Department may order an operator to provide its books to an authorizing permittee

-The Department shall order an operator to pay to the authorizing permittee the amounts of unauthorized expenses incurred or the difference between the net proceeds paid and 25% of the gross receipts, whichever is greater

-Interest shall be added to the payments made to an authorizing permittee under order from the Department at the rate of 1.5% per month for each month or fraction of a month during which the money is not paid

-An operator would be required to list the authorizing permittees in all advertising and would post its own permit and a copy of the permit of the authorizing permittee

Section 11 adds a new subsection to AS 05.15.200.

Present Law: -Only penalty for the non-payment of license fees is a suspension or revocation of the permit

Proposed Change: -A penalty may be assessed by the commissioner which is similar to the failure to pay penalty for taxes (5% for each 30 day period or fraction thereof) during which the fee is delinquent

Section 12 repeals and reenacts AS 05.15.210(15).

Present Law: -"Net proceeds" is defined as the gross receipts less expenses, charges, fees, and deductions which are specifically authorized under the chapter

Proposed Change: -"Net proceeds" is defined simply to be gross receipts reduced by the license fee based on the gross receipts, authorized expenses defined in AS 05.15.160(a) and the prizes awarded at the activity

Section 13 adds 5 new subsections to AS 05.15.210.

Present Law: -There are no definitions for "authorizing permittee", "commissioner", "department", "permittee" or "qualified operator"

Proposed Changes: -The above terms would be defined

Section 14 provides that organizations conducting bingo games, pull-tabs and special-draw raffles before the effective date of the Act would not be required to have local government approval.

Section 15 would make the act effective July 1, 1984.

Offered: 5/24/84

Original sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE

BY THE RULES COMMITTEE

2

CS FOR SENATE BILL NO. 549 (Rules)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH 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 05.15.020 is repealed and reenacted to read:

10 Sec. 05.15.020. ANNUAL PERMIT AND FEE. (a) An activity permit-
11 ted under this chapter may not be conducted unless an annual permit
12 issued by the department is first obtained and a fee of \$50 is paid to
13 the department.

14 (b) A qualified operator may conduct an activity permitted under
15 this chapter for a municipality or qualified organization if an annual
16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for 10 percent of the
19 amount of prizes and net proceeds estimated to be paid for the
20 calendar year. The operator's permit is in addition to the permit
21 required to be obtained by the municipality or qualified organization
22 on whose behalf the operator conducts the activity.

23 (c) An additional fee of one and one-half percent of the gross
24 receipts from an activity permitted under this chapter shall be paid
25 to the department by each municipality or qualified organization
26 annually except that a qualified operator shall be liable for the
27 additional fee for activities conducted by the qualified operator on
28 behalf of a municipality or qualified organization.

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

1 Sec. 05.15.025. LICENSE FEES COLLECTED ON BEHALF OF A LOCAL
2 GOVERNMENT. (a) A borough or organized municipality outside of a
3 borough may elect, by passage of an appropriate ordinance, to impose
4 an additional license fee, not to exceed one-half of one percent, on
5 the gross receipts of an activity authorized under this chapter con-
6 ducted within its boundaries. A borough or organized municipality
7 outside of a borough that elects to impose the additional license fee
8 shall file written notice of the election with the department on or
9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

14 (b) The additional license fee shall be collected and adminis-
15 tered by the department in the same manner as provided for the addi-
16 tional fee in AS 05.15.020(c).

17 (c) The department shall refund money collected under this
18 section to the borough or organized municipality outside of a borough
19 for which the money was collected, as determined by the location of
20 the activity authorized under this chapter.

21 (d) Money received by an organized borough under this section
22 shall be allocated by the borough by ordinance for city, area outside
23 city and service area purposes within the borough.

24 * Sec. 3. AS 05.15.030 is repealed and reenacted to read:

25 Sec. 05.15.030. NOTIFICATION OF LOCAL GOVERNMENTS, REQUIRED
26 APPROVALS, AND PROTESTS. (a) At the time of filing an initial or
27 renewal application the applicant shall notify the city or borough
28 nearest to the location of the proposed activity of the application
29 and the location at which the proposed activity will be conducted.

1 (b) A local government is required to approve by resolution an
2 initial permit application for conducting bingo games, selling pull-
3 tabs, or holding special-draw games in its jurisdiction. The commis-
4 sioner shall define special-draw games in regulations adopted under
5 the Administrative Procedure Act (AS 44.62). The approval, which may
6 be granted at the discretion of the governing body, shall accompany
7 the initial license application to the commissioner. The commissioner
8 may not issue a permit for an activity in a jurisdiction which has not
9 approved the activity as required under this subsection.

10 (c) A local government may protest the conduct of an activity in
11 its jurisdiction, including the renewal of a permit for which initial
12 approval was required under (b) of this section, by filing with the
13 commissioner a resolution stating the reasons for the protest. Pro-
14 tests are limited to the lack of qualifications prescribed by this
15 chapter or a finding that the proposed activity would not be in the
16 best interests of the public. This resolution is only a recommenda-
17 tion by the city that may be considered by the commissioner in the
18 commissioner's determination to issue or refuse to issue a permit.

19 (d) If a permittee relocates within the same city or borough for
20 which approval has been granted, the permittee shall notify the de-
21 partment and the city or borough within 30 days of its move to the new
22 location.

23 (e) If a permittee intends to conduct an activity in a city or
24 borough in addition to a jurisdiction for which approval has been
25 granted, the permittee shall file an application with the department
26 and shall notify the city or borough nearest to the new location
27 before conducting the activity at the new location. An activity may
28 not be conducted in the additional or new jurisdiction before approval
29 by the commissioner.

1 (f) The commissioner may limit the locations in which activities
2 under this chapter may be conducted as required to protect the best
3 interest of the public.

4 * Sec. 4. AS 05.15.060 is repealed and reenacted to read:

5 Sec. 05.15.060. REGULATIONS. In accordance with the Administra-
6 tive Procedure Act (AS 44.62), the commissioner of revenue shall adopt
7 regulations necessary to carry out this chapter covering but not
8 limited to the control and issuance of permits, authorized expenses,
9 investigations of permittees, recordkeeping and accounting, prizes,
10 equipment, audits of authorized activities, suspension or revocation
11 of permits and other matters that the commissioner considers necessary
12 to carry out this chapter or protect the best interest of the public.

13 * Sec. 5. AS 05.15.070 is amended to read:

14 Sec. 05.15.070. COMMISSIONER OF REVENUE MAY EXAMINE PERMITTEES.
15 The commissioner may examine or have examined the books and records of
16 a permittee. [THE COMMISSIONER MAY REQUIRE THE PERMITTEE TO PAY THE
17 REASONABLE COST OF THE EXAMINATION.] The commissioner may issue
18 subpoenas for the attendance of witnesses and the production of books,
19 records, and other documents.

20 * Sec. 6. AS 05.15.080 is repealed and reenacted to read:

21 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
22 IPALITIES AND QUALIFIED ORGANIZATIONS. (a) A municipality or qual-
23 ified organization conducting an activity authorized under this chap-
24 ter shall file a report with the department no later than the last
25 business day of the month following the month in which an activity was
26 conducted. The report must include the type of activity conducted,
27 the date and location of the activity, the amount of gross receipts,
28 the amount of authorized expenses, the value of prizes awarded, the
29 amount of net proceeds and other information the commissioner may

Offered: 5/18/84
Referred: Rules

Original sponsor: Community and Regional
Affairs Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE BILL NO. 549 (Finance)
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4 THIRTEENTH LEGISLATURE - SECOND SESSION
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19 amount of prizes and net proceeds estimated to be paid for the
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9 before December 1 of the year preceding the year an election under
10 this section is to become effective. The notice may not be rescinded
11 for a subsequent calendar year unless a rescission notice is received
12 by the department on or before January 1 of the year for which the
13 license fee is rescinded.

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18 section to the borough or organized municipality outside of a borough
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12 approval was required under (b) of this section, by filing with the
13 commissioner a resolution stating the reasons for the protest. Pro-
14 tests are limited to the lack of qualifications prescribed by this
15 chapter or a finding that the proposed activity would not be in the
16 best interests of the public. This resolution is only a recommenda-
17 tion by the city that may be considered by the commissioner in the
18 commissioner's determination to issue or refuse to issue a permit.

19 (d) If a permittee relocates within the same city or borough for
20 which approval has been granted, the permittee shall notify the de-
21 partment and the city or borough within 30 days of its move to the new
22 location.

23 (e) If a permittee intends to conduct an activity in a city or
24 borough in addition to a jurisdiction for which approval has been
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26 and shall notify the city or borough nearest to the new location
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19 records, and other documents.

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21 Sec. 05.15.080. REPORTS REQUIRED AND PAYMENT OF FEE BY MUNIC-
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23 ified organization conducting an activity authorized under this chap-
24 ter shall file a report with the department no later than the last
25 business day of the month following the month in which an activity was
26 conducted. The report must include the type of activity conducted,
27 the date and location of the activity, the amount of gross receipts,
28 the amount of authorized expenses, the value of prizes awarded, the
29 amount of net proceeds and other information the commissioner may

1 require by regulation.

2 (b) A municipality or qualified organization conducting an
3 activity authorized under this chapter shall file an annual report
4 with the department no later than January 31 of the year following the
5 year in which activities were conducted, accompanied by the payment of
6 the additional fee as required under AS 05.15.020(c). The report must
7 list the types of activities conducted, and, for each activity, the
8 total amount of gross receipts, the total amount of authorized ex-
9 penses, the total value of prizes, and the total amount of net pro-
10 ceeds. The report must also include the disposition or intended
11 disposition of the net proceeds.

12 * Sec. 7. AS 05.15 is amended by adding new sections to read:

13 Sec. 05.15.085. REPORTS REQUIRED AND PAYMENT OF FEE BY QUALIFIED
14 OPERATORS. (a) A qualified operator shall file a report with the
15 department no later than the last business day of the month following
16 the month in which an activity was conducted. The report shall be
17 divided into sections for each municipality and qualified organization
18 on whose behalf an activity was conducted and must include the date
19 and location of each activity, the type of activity conducted, the
20 amount of gross receipts, the amount of authorized expenses, the value
21 of prizes awarded, the amount of net proceeds paid to the municipality
22 or qualified organization on whose behalf the activity was conducted
23 and other information the commissioner may require by regulation.

24 (b) A qualified operator shall file an annual report with the
25 department no later than January 31 of the year following the year in
26 which activities were conducted, accompanied by the payment of the
27 additional fee as required under AS 05.15.020(c). The report must
28 list the types of activities conducted, the municipalities and qual-
29 ified organizations on whose behalf the activities were conducted, t

1 total gross receipts, the total authorized expenses, the total prizes
2 and the total net proceeds turned over to each municipality and qual-
3 ified organization.

4 (c) A municipality or qualified organization that authorizes a
5 qualified operator to conduct activities authorized under this chapter
6 shall file an annual report with the department no later than
7 January 31 of the year following the year in which the activities were
8 conducted. The report must list each activity conducted, the autho-
9 rized representative for the municipality or qualified organization,
10 the qualified operator conducting the activity, the date and location
11 of each activity and the net proceeds received from the qualified
12 operator for the activity.

13 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
14 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
15 and reports required under this chapter shall be filed under penalty
16 of perjury and signed by a bona fide member in good standing of the
17 qualified organization or a person authorized to sign on behalf of a
18 municipality.

19 (b) The commissioner may grant an extension for the filing of a
20 report required under this chapter upon a showing by the permittee of
21 reasonable cause for delay. The extension may not be granted in
22 excess of 30 days and the report will not be considered delinquent
23 during the period of the extension. An extension of time for the
24 payment of the license fee is prohibited.

25 (c) A permittee is not authorized to conduct an activity under
26 this chapter during any period in which a report or license fee is
27 delinquent.

28 (d) A delinquent license fee shall bear interest at the rate
29 provided for in AS 43.05.225.

1 * Sec. 8. AS 05.15.160 is amended to read:

2 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
3 may not be incurred or paid in connection with the operation of an
4 activity under a permit issued under this chapter except for bona fide
5 expenses reasonably necessary for

6 (1) goods, wares, and merchandise necessary for the operation
7 of the activity;

8 (2) personal services rendered that are not directly or
9 indirectly involved with the operation of the activity; or

10 (3) personal services involved with the operation of the
11 activity provided the services are performed by an employee of the
12 municipality, qualified organization, qualified operator or a consultant
13 hired by the municipality or qualified organization conducting
14 the activity, provided the consultant is not directly involved in the
15 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
16 RECEIPTS FROM THE ACTIVITY].

17 * Sec 9. AS 05.15.160 is amended by adding new subsections to read:

18 (b) The annual authorized expenses under (a) of this section may
19 not exceed 25 percent of the annual gross receipts from activities
20 authorized under this chapter.

21 (c) The annual net proceeds for a qualified organization from
22 activities authorized under this chapter may not be less than 25
23 percent of the annual gross receipts.

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

25 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
26 may not operate an activity for more than one authorizing permittee in
27 any 24 hour period.

28 (b) A qualified operator is required to pay the authorizing
29 permittee the net proceeds from an activity within 15 calendar days

1 from the date of the activity. The payment shall be made by check and
2 the qualified operator shall obtain a signed receipt from the autho-
3 rizing permittee. The authorizing permittee shall keep a copy of the
4 receipt for its records.

5 (c) The net proceeds of an activity that shall be paid by the
6 qualified operator to the authorizing permittee shall be the gross
7 receipts from the activity reduced by the license fee based on the
8 gross receipts, the authorized expenses provided for under AS 05.15.-
9 160(a) and the prizes awarded at the activity.

10 (d) An authorizing permittee shall designate a representative,
11 who is a bona fide member in good standing of the qualified organiza-
12 tion or a person designated by the municipality, to be its agent in
13 working with the qualified operator. The representative shall have
14 access to all books and records of the qualified operator relevant to
15 the activity, including the amounts of gross receipts, authorized
16 expenses and prizes awarded. The commissioner may order the produc-
17 tion of the books and records of a qualified operator that are not
18 voluntarily made available to the representative under regulations
19 adopted by the department.

20 (e) If the department finds that a qualified operator has in-
21 curred expenses that are not authorized under AS 05.15.160(a), or has
22 incurred expenses in excess of the amount authorized under AS 05.15.-
23 160(b), or has paid an authorizing permittee less than the minimum
24 amount of net proceeds provided for under AS 05.15.160(c), the depart-
25 ment shall order the qualified operator to refund to the authorizing
26 permittee the amount of the unauthorized expenses or the difference
27 between the minimum amount of net proceeds under AS 05.15.160(b) and
28 the amount of the net proceeds actually paid, whichever is greater.
29 The qualified operator shall pay the authorizing permittee interest on

1 the amount ordered to be paid at the rate of 1.5 percent a month for
2 each month or fraction of a month between the date of the operation of
3 the activity and the date the refund is made.

4 * Sec. 11. AS 05.15.200 is amended by adding a new subsection to read:

5 (c) The commissioner may assess a penalty in the manner provided
6 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
7 has failed to timely pay a license fee required under AS 05.15.020(c),
8 unless it is shown that the failure was due to reasonable cause.

9 * Sec. 12. AS 05.15.210(15) is repealed and reenacted to read:

10 (15) "net proceeds" means the gross receipts from the activ-
11 ity reduced by the license fee based on the gross receipts, the au-
12 thorized expenses provided for under AS 05.15.160(a) and the prizes
13 awarded at the activity;

14 * Sec. 13. AS 05.15.210 is amended by adding new subsections to read:

15 (24) "authorizing permittee" means a municipality or qual-
16 ified organization that has authorized a qualified operator to conduct
17 activities authorized under a permit issued by the commissioner under
18 this chapter on its behalf;

19 (25) "commissioner" means the commissioner of revenue;

20 (26) "department" means the Department of Revenue;

21 (27) "permittee" means a municipality, qualified organiza-
22 tion or qualified operator that has been issued a permit to conduct
23 the activities authorized under this chapter;

24 (28) "qualified operator" means a municipality or qualified
25 organization that has been authorized by the commissioner to operate
26 the activities authorized under this chapter on behalf of another
27 permittee.

28 * Sec. 14. An organization which was conducting bingo games, selling
29 pulltabs, or holding special-draw games before the effective date of this

1 Act is not required to have its existing location or locations approved by
2 a local government under AS 05.15.030(b).

3 * Sec. 15. This Act takes effect July 1, 1984.

Introduced: 4/18/84
Referred: Community and Regional
Affairs and Finance

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 549

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16 operator's permit issued by the department is first obtained, a fee of
17 \$200 is paid to the department and a bond or other security acceptable
18 to the department is filed with the department for the amount of
19 prizes and net proceeds estimated to be paid for the calendar year.
20 The operator's permit is in addition to the permit required to be
21 obtained by the municipality or qualified organization on whose behalf
22 the operator conducts the activity.

23 (c) An additional fee of three percent of the gross receipts
24 from an activity permitted under this chapter shall be paid to the
25 department by each municipality or qualified organization annually
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5 receipts of an activity authorized under this chapter conducted within
6 its boundaries. A borough or organized municipality outside of a
7 borough that elects to impose the additional license fee shall file
8 written notice of the election with the department on or before
9 December 1 of the year preceding the year an election under this
10 section is to become effective. The notice may not be rescinded for a
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12 department on or before January 1 of the year for which the license
13 fee is rescinded.

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4 city or borough, the permittee shall notify the department and the
5 city or borough nearest to the new location at least 30 days before
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8 in its jurisdiction by resolution stating the reasons for the protest
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9 which activities were conducted, accompanied by the payment of the
10 additional fee as required under AS 05.15.020(c). The report must
11 list the types of activities conducted, the municipalities and qual-
12 ified organizations on whose behalf the activities were conducted, the
13 total gross receipts, the total authorized expenses, the total prizes
14 and the total net proceeds turned over to each municipality and qual-
15 ified organization.

16 (c) A municipality or qualified organization that authorizes a
17 qualified operator to conduct activities authorized under this chapter
18 shall file an annual report with the department no later than
19 January 31 of the year following the year in which the activities were
20 conducted. The report must list each activity conducted, the autho-
21 rized representative for the municipality or qualified organization,
22 the qualified operator conducting the activity, the date and location
23 of each activity and the net proceeds received from the qualified
24 operator for the activity.

25 Sec. 05.15.086. GENERAL PROVISIONS RELATING TO THE FILING OF
26 REPORTS AND PAYMENT OF LICENSE FEES. (a) The license applications
27 and reports required under this chapter shall be filed under penalty
28 of perjury and signed by a bona fide member in good standing of the
29 qualified organization or a person authorized to sign on behalf of a

1 municipality.

2 (b) The commissioner may grant an extension for the filing of a
3 report required under this chapter upon a showing by the permittee of
4 reasonable cause for delay. The extension may not be granted in
5 excess of 30 days and the report will not be considered delinquent
6 during the period of the extension. An extension of time for the
7 payment of the license fee is prohibited.

8 (c) A permittee is not authorized to conduct an activity under
9 this chapter during any period in which a report or license fee is
10 delinquent.

11 (d) A delinquent license fee shall bear interest at the rate
12 provided for in AS 43.05.225.

13 * Sec. 8. AS 05.15.160 is amended to read:

14 Sec. 05.15.160. AUTHORIZED EXPENSES. An [NO] item of expense
15 may not be incurred or paid in connection with the operation of an
16 activity under a permit issued under this chapter except for bona fide
17 expenses reasonably necessary for

18 (1) goods, wares, and merchandise necessary for the opera-
19 tion of the activity;

20 (2) personal services rendered that are not directly or
21 indirectly involved with the operation of the activity; or

22 (3) personal services involved with the operation of the
23 activity provided the services are performed by an employee of the
24 municipality, qualified organization, qualified operator or a consul-
25 tant hired by the municipality or qualified organization conducting
26 the activity, provided the consultant is not directly involved in the
27 operation of the activity [AND THE COMPENSATION IS NOT RELATED TO THE
28 RECEIPTS FROM THE ACTIVITY].

29 * Sec. 9. AS 05.15.160 is amended by adding new subsections to read:

1 (b) The annual authorized expenses under (a) of this section may
2 not exceed 25 percent of the annual gross receipts from activities
3 authorized under this chapter.

4 (c) The annual net proceeds for a qualified organization from
5 activities authorized under this chapter may not be less than 25
6 percent of the annual gross receipts.

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

8 Sec. 05.15.165. QUALIFIED OPERATORS. (a) A qualified operator
9 may not operate an activity for more than one authorizing permittee in
10 any 24 hour period.

11 (b) A qualified operator is required to pay the authorizing
12 permittee the net proceeds from an activity within 15 calendar days
13 from the date of the activity. The payment shall be made by check and
14 the qualified operator shall obtain a signed receipt from the autho-
15 rizing permittee. The authorizing permittee shall keep a copy of the
16 receipt for its records.

17 (c) The net proceeds of an activity that shall be paid by the
18 qualified operator to the authorizing permittee shall be the gross
19 receipts from the activity reduced by the license fee based on the
20 gross receipts, the authorized expenses provided for under AS 05.15.-
21 160(a) and the prizes awarded at the activity.

22 (d) An authorizing permittee shall designate a representative,
23 who is a bona fide member in good standing of the qualified organiza-
24 tion or a person designated by the municipality, to be its agent in
25 working with the qualified operator. The representative shall have
26 access to all books and records of the qualified operator relevant to
27 the activity, including the amounts of gross receipts, authorized
28 expenses and prizes awarded. The commissioner may order the produc-
29 tion of the books and records of a qualified operator that are not

1 voluntarily made available to the representative under regulations
2 adopted by the department.

3 (e) If the department finds that a qualified operator has in-
4 curred expenses that are not authorized under AS 05.15.160(a), or has
5 incurred expenses in excess of the amount authorized under AS 05.15.-
6 160(b), or has paid an authorizing permittee less than the minimum
7 amount of net proceeds provided for under AS 05.15.160(c), the depart-
8 ment shall order the qualified operator to refund to the authorizing
9 permittee the amount of the unauthorized expenses or the difference
10 between the minimum amount of net proceeds under AS 05.15.160(b) and
11 the amount of the net proceeds actually paid, whichever is greater.
12 The qualified operator shall pay the authorizing permittee interest on
13 the amount ordered to be paid at the rate of 1.5 percent a month for
14 each month or fraction of a month between the date of the operation of
15 the activity and the date the refund is made.

16 * Sec. 11. AS 05.15.180(a) is repealed and reenacted to read:

17 (a) This chapter does not authorize the use of instruments,
18 machines, or other objects used, designed, or intended primarily for
19 gaming or gambling unless specifically authorized under regulations
20 adopted by the commissioner and used in the operation of activities
21 authorized under this chapter.

22 * Sec. 12. AS 05.15.200 is amended by adding a new subsection to read:

23 (c) The commissioner may assess a penalty in the manner provided
24 for the nonpayment of taxes under AS 43.05.220(a) where a permittee
25 has failed to timely pay a license fee required under AS 05.15.020(b),
26 unless it is shown that the failure was due to reasonable cause.

27 * Sec. 13. AS 05.15.210(15) is repealed and reenacted to read:

28 (15) "net proceeds" means the gross receipts from the activ-
29 ity reduced by the license fee based on the gross receipts, the

1 authorized expenses provided for under AS 05.15.160(a) and the prizes
2 awarded at the activity;

3 * Sec. 14. AS 05.15.210 is amended by adding new subsections to read:

4 (24) "authorizing permittee" means a municipality or qual-
5 ified organization that has authorized a qualified operator to conduct
6 activities authorized under a permit issued by the commissioner under
7 this chapter on its behalf;

8 (25) "commissioner" means the commissioner of revenue;

9 (26) "department" means the Department of Revenue;

10 (27) "permittee" means a municipality, qualified organiza-
11 tion or qualified operator that has been issued a permit to conduct
12 the activities authorized under this chapter;

13 (28) "qualified operator" means a municipality or qualified
14 organization that has been authorized by the commissioner to operate
15 the activities authorized under this chapter on behalf of another
16 permittee.

17 * Sec. 15. This Act takes effect July 1, 1984.